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VFC - Q4 2010 VF Corporation Earnings Conference Call

Event Date/Time: Feb. 22. 2011 / 1:30PM GMT

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PRESENTATION

Operator

Good day and welcome to the VF Corporation fourth quarter fiscal 2010 earnings conference call. Please be aware that today's conference is being recorded. At this time, I would like to turn the conference over to Jean Fontana. Please go ahead.

Jean Fontana - *VF Corporation - IR - ICR*

Thank you. Good morning, everyone. Thank you for participating in VF Corporation's fourth quarter and full year 2010 conference call. By now you should have received today's earnings press release. If you have not, please call 203-682-8200 and we'll send you a copy immediately following the call. Hosting the call today is Eric Wiseman, Chairman and CEO of VF. Before we begin, I would like to remind participants that certain statements included in today's remarks and the Q&A session may constitute Forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are not guarantees and actual results may differ materially from those expressed or implied in the Forward-looking statements. Important factors that could cause actual results, collaborations or financial conditions of the Company to differ are discussed in the documents filed with the Company and the SEC. I would like to now turn the call over to Eric Wiseman.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Jean. Good morning, everyone. Thank you for joining us. With me today are Bob Shearer, our Chief Financial Officer, and our three group presidents, Scott Baxter; Karl Heinz Salzburger, who is joining us from Lugano, Switzerland; and Steve Rendle, who is joining us on the line from California. I'm delighted to share with you today the record results achieved by VF in 2010 and our expectations for even stronger performance this year. A year ago at this time, with the world struggling to emerge from the recession, we viewed the outlook for 2010 cautiously and we planned accordingly. The plans we put in place and built upon as the year progressed yielded results far surpassing our expectations.

Consider the highlights of VF's performance in the fourth quarter and for 2010. Organic revenue growth of 11% in the quarter and 6% for the year. Double-digit growth in adjusted earnings per share of 10% and 15% respectively; record gross margins in both periods. Growth in international revenues in constant dollars of 22% in the fourth quarter and 8% for the year. Growth in Asia, which has been a strategic priority for us, of 31% in both the quarter and the year. Growth in our direct to consumer revenues of 13% for both periods; cash from operations of $1 billion, another record, and additional brand building investments of $100 million in 2010, with nearly half taking place in the fourth quarter. So we enter 2011 with strong momentum, confident in the power of our brand's ability to generate substantial growth and well positioned to deliver another outstanding year of results for our shareholders.

As noted in our release in 2011, revenues are expected to grow by 8% to 9%, with growth across all coalitions. Earnings per share are expected to reach a new high in the $7.00 to $7.10 range. Operating margin should remain stable, despite industry-wide cost inflation. Our highly profitable International and Direct to Consumer businesses should grow at mid-teen rates and cash from operations will again be at the $1 billion level. And based on the momentum created by our brand investments in 2010, 2011 will be another year of very healthy brand spending.

We'll turn it over to Bob, who will provide more commentary on the subject. I'll share a few words on the question of product cost and gross margins. We indicated in our release that gross margins should be down by less than 1 percentage point, reflecting higher product costs that are expected to primarily impact our domestic Jeanswear business, which accounts for slightly more than 20% of VF's revenues. Our Jeanswear operating margins will be down this year, but margins in the other nearly 80% of our business are expected to be flat to up slightly. As we noted during the past few months, select price increases will be taken across our brand portfolio to help offset product cost inflation. We're aware that we are entering a new environment here in terms of consumer reaction to broadly higher apparel prices and that some trade-off in unit volumes is likely. I'm confident that our plans for 2011 take that into account.

In closing, we believe we have the most competitive business model in the industry, giving us confidence in our ability to continue the momentum established in the latter part of 2010 and navigating through the challenges and uncertainties created by cost inflation. On the one hand, we have our internal manufacturing capabilities, largely in this hemisphere, where we enjoy a decades-long history of manufacturing and engineering expertise and many cost and service advantages. On the other hand, we enjoy a highly diversified and balanced base of contractors managed from one of the largest sourcing offices in Hong Kong, which provides us with tremendous scale and expertise. We can adjust our sourcing strategies fairly quickly, given the strength of our global supply chain, to ensure we're taking advantage of the best value in the market at any point in time. So with that as a backdrop, let's hear more details from Bob Shearer.

Bob Shearer - *VF Corporation - CFO*

All right. Well, thanks, Eric. First, I'll highlight a couple of points related to 2010. Our changing business mix helped drive gross margins in 2010 and will continue to benefit 2011 as well. Gross margins in 2010 expanded by 240 basis points. Of that total, 130 basis points of improvement resulted from first, a higher percentage of our revenues coming from businesses that provide us with higher gross margins, and secondly, other areas of operational improvements including retail and inventory efficiencies. The remainder of our gross margin expansion, or 110 basis points resulted from product cost reductions. SG&A in both dollars and as a percent of revenues increased in the fourth quarter and for the year, driven largely by significant increases in brand investments. As noted in the release, the fourth quarter marked the highest period of brand investment for us during the year, with $45 million out of a total $100 million in additional spending occurring in the quarter.

This increase being so heavily weighted to the fourth quarter reflects the momentum we saw as our year progressed. That impacted the timing of decisions related to the higher spend. Going forward, our marketing investments will be more balanced throughout the year. So, considering this disproportionately high level of marketing spend in the fourth quarter, on an adjusted basis operating margins were down slightly in the quarter. For the year adjusted operating margins rose by 140 basis points to 13.3% from 11.9% last year. Now as Eric noted, on an adjusted basis, that is excluding the impairment charge, we were very pleased to report record earnings for both the fourth quarter and the year. The strength of our earnings reflects strong business fundamentals. We invested more behind our strongest growing brands and geographies, providing accelerating growth in revenues and earnings.

Finally, on a reported basis, fourth quarter and full year results were impacted by an impairment charge for our 7 For All Mankind brand acquired in 2007. As you are well aware, conditions in the premium denim market have been quite difficult since the beginning of the recession and the performance of the 7 For All Mankind brand has not met the expectations we established at the time of acquisition. However, the brand has continued to expand globally, with considerably stronger growth rates outside of the US. We doubled our investments behind the brand in 2010 to further solidify its platform for future growth. That platform includes additional direct to consumer expansion, continued growth in international markets, and brand extensions into additional product categories. We're looking forward to improved top and bottom-line performance for the 7 For All Mankind brand in 2011.

Now, before we move into a review of our business results by Karl Heinz, Steve and Scott, I'll provide a few additional comments on revenues, pricing, costs, and margins. Revenues in 2011 should increase 8% to 9% and we expect fairly comparable revenue increases in each of the next four quarters. By coalition, revenue growth will be strongest in Outdoor and Action Sports where we continue to see tremendous momentum. We expect Outdoor and Action Sports revenues to grow at a mid-teen percentage rate, our Jeanswear, Imagewear, Sportswear and temporary coalitions are each planning for mid single-digit revenue growth in 2011. Now, regarding pricing. Selected price increases will be taken primarily in those businesses where higher product costs, cotton in particular, are having the biggest impact. That includes our US Jeanswear businesses and, to a lesser degree, our Sportswear and Imagewear businesses as well.

Modest and selective price increases are also anticipated in our other coalitions. These price increases will be phased in throughout the year, more in the second half than in the first, given that product costs will be higher in the second half than in the first. Price increases and other factors positive to our gross margin comparisons will not entirely offset the pressure from higher product costs. In 2011, VF's overall product costs will be up roughly 7%, driven primarily by the well documented and unprecedented increase in cotton prices. Now, as you would imagine, that means that our area with the most cost pressure is our Jeanswear business and specifically our US Jeans business, which competes in channels where price points and product costs are lower. The impact of cotton cost increases stands out more on these lower cost products. A little more perspective, our US Jeans business is just above 20% of total VF revenues. For these Jeans products costs are expected to rise by mid-teen percentages for the full year, with higher cost increases in the second half than the first.

Our unit volume increases for our US Jeans businesses in the fourth quarter of 2010 were quite strong, up nearly 9%, reflecting strong momentum for these brands. Now, while price increases will partly offset higher costs, gross margins for these businesses in 2011 will come down from 2010 by over 350 basis points. Recently, our visibility to denim costs for the year has improved significantly. First, a reminder that we buy denim not cotton. And even though spot prices for cotton are near the incredible price of $2 a pound, the mills that supply us denim don't buy on the spot market. They participate in the Cotton market on an ongoing basis. Now, the change that has occurred is that many denim mills are now committing to prices through the third quarter and some through the entire year. Another reminder is that our denim buys past the third quarter will flow through cost of sales in 2012, just as purchases in the latter part of 2010 will impact cost of sales in the early 2011 period.

So, our visibility to denim cost is improving and that is giving us considerable confidence in our assumptions around product costs for the year. In summary, we believe we have taken a responsible approach to planning our US Jeans business, considering cost pressures, pricing opportunities, and the impact of higher prices on ultimate consumer takeout at Retail. So, our US Jeans businesses will experience the biggest impact from product cost increases. However, despite the more than 350 basis point reduction expected in US Jeans gross margins in 2011, our Global Jeanswear operating margins for 2011 are expected to decline by less than 100 basis points, based on the following. First, we'll see continued improvement within our European Jeans business. Our European jeans business is seeing some traction, after a couple years of decline. Our cost structure is improved, our inventories are cleaner and we're in the position to move forward with much improved profitability.

Also important to our Global Jeanswear operating margin expectation is the continuation of exceptional growth in our highly profitable Asian Jeans business. Our Asian Jeans business is becoming a bigger piece of our Global Jeanswear picture. With that growth, the international portion of Global Jeans now represents nearly one-third of the total. So to pull all of this together, Eric noted that the full year gross margins are likely to be down by just under 1 percentage point. Just to be clear here, higher product costs are a significant downward pressure, but are being offset by the continuing favorable change in business mix and finally, selected price increases. And that brings us to our anticipated SG&A spending level. Our guidance indicated that operating margins for total VF should remain relatively stable in 2011. Considering the lower gross margin expectations, that implies that as a percent to revenues, SG&A should be nearly a full point lower than 2010's ratio of 33.4%.

Now, here's our approach to SG&A spending in 2011. We will continue to invest in marketing at the same rate, meaning at the same percent of revenues as the elevated level in 2010. Our marketing investments have proven very effective in driving revenues and equity in our brands. In other expense categories, we've been very cautious about adding expense to our structure, making tough decisions to control costs. So leveraging the top line, spending prudently behind our brands, and driving efficiencies elsewhere is the story here. With regard to our higher marketing spend, these investments will continue to be concentrated in our fastest growing and most profitable businesses. For example, marketing investments in our Outdoor and Action Sports coalition will increase by about 15% in 2011, and in Asia will rise by over 30%. These investments have driven both top and bottom-line growth, as evidenced by the strong profitability of these businesses in 2010, and we look forward to continuing that momentum in 2011.

Okay. Now shifting gears a bit, we expect another year where our cash generation hits the $1 billion mark. Our strong cash generation in 2010 allowed us to pay down $200 million in higher cost debt, buyback over 5 million of our shares, and invest $100 million in our Pension plan, which is now nearly fully funded. Looking forward, our priorities for cash remain intact. Acquisitions remain at the top of the list, with our Buyback program remaining a secondary option. We have no debt due until 2017. And to get in front of a few likely questions, our capital spend will move a bit higher in 2011 to about $225 million, reflecting the need for office and distribution space for our expanding International and US Outdoor businesses, as well as an accelerated

Retail store opening plan. Depreciation and amortization should remain very consistent with the 2010 level, at about $175 million.

All right. So in summary, here's how I see the year 2011 shaping up. First, the momentum coming out of 2010 is relevant. Investments behind our brands, which accelerated during the latter half of 2010, have been and will continue to pay off and we'll see that momentum continue into 2011. We're dealing head-on with the challenge of rising product costs, which are clearly most prominent for our US Jeanswear business. Our portfolio approach provides us with a clear advantage in addressing these challenges and we have prudently built our plans to not only address the cost issue, but respond appropriately in pricing and revenue volume assumptions for 2011 and beyond. We have successfully navigated through challenging environments in the past. We will do so again in 2011. I have no doubt that 2011 will be another great year for VF and for our shareholders. All right. So now let's hear a few words from Scott Baxter on our Jeanswear Americas and Imagewear results and outlook.

Scott Baxter - *VF Corporation - President, VP Imagewear*

Thank you, Bob. Good morning. I'll start with an overview of the highlights for the fourth quarter and for the year for our Jeanswear Americas business; which includes our Wrangler, Lee, and Riders by Lee brands. We ended the year on a strong note, with revenues up across our businesses in the quarter. We have been aggressively building our innovation platform with investments in new fields, new talent, and new processes that are fueling top-line growth and market share gains across our flagship brands. At the same time, we maintained operating margins in the high teens, despite some higher product costs and marketing investments. Overall, 2010 was a great year for Jeanswear Americas, with higher revenues and operating income. All brands gained share relative to the market and to their primary national competitors.

In our Mass business; the Wrangler and Riders by Lee brands gained momentum throughout the year in both the US and Mexico. New distribution in Mexico in innovative new products, such as our Comfort series in men's and our Classic fit, Slender stretch, and Plus size programs in womens, led to higher revenues in 2010 compared with 2009. Innovation was also the major story behind our growth in our Lee brand in 2010, which grew its businesses across all major accounts. During the year, we successfully launched our new Lee Premium Select line in men's and the new Lee Classic fit in women's. We were very excited about the performance of our Lee Women's business, which out paced market growth in its mid-tier distribution channels by 2 to 1. We are proud to report that revenues in our Wrangler Western Specialty business grew in 2010 for the first time in several years, beating our expectations.

Here, too, product innovation played a key role, with the successful launch of our new premium performance Cowboy Cut jean growing momentum in our Retro line, and the success of our new Rock 47 line targeted toward a younger, more fashionable western consumer. In October, we opened our first Company-owned Retail store outside of Denver, Colorado; which will serve as a learning lab for how to maximize the brand's rich authentic history within its western specialty channel. South of the border, our Mexican and Latin American businesses experienced strong top-line growth in 2010, with revenues up 17%. In terms of 2011 for our Jeanswear America businesses, we anticipate mid single-digit growth in revenues. At the same time, unit volumes are expected to decline at a mid single-digit rate, offset by some new programs and pricing.

We will build on our product innovation successes to expand on our share with our key retail partners. We will continue to support our brands with strong and effective advertising using marketing ROI tools to significantly raise our game in how and where we invest our marketing dollars, and we will continue to enhance our brand's digital and social media capabilities to drive online sales and forge even stronger connections with our consumers. We entered 2011 with our key brands as strong and well positioned for growth as they have ever been. But as you've heard, we also entered 2011 facing significant product cost challenges, related primarily to the sharp rise in cotton prices over the year. So this will also be a year in which we must strategically navigate price increases across our retail customer base, ensuring that we maximize operating profits well, still maintaining or growing our market shares.

Clearly, we have looked at every possible opportunity to mitigate cost pressures this year and pricing as part of that equation. Some initial price increases have taken effect in February, with some additional increases planned as the year progresses. On the cost side, we're keeping a tight reign on expenses and reengineering products. Our efforts are focused on maximizing margins in the short-term, while continuing to build share over the long-term. Nevertheless, the combination of pricing and cost controls will not fully mitigate the increases in product cost, and as noted earlier by Bob, our Domestic Jeanswear margins will be down this year. That is built into the expectation that the Global Jeanswear coalition operating margins will decline by less than 100 basis points for 2011. In closing, we remain bullish about the long-term prospects for our very strong brands. The product cost challenges we face are being faced by other companies as well and we are confident in our ability to successfully navigate our way through these challenges.

We have a talented, aggressive, experienced team with a track record of winning in any environment and this year will be no exception. Now, I would like to shift gears and talk about the great quarter and year achieved by our Imagewear coalition. As we stated in our press release, Imagewear coalition revenues grew 5% in the quarter with particular strength in our protective business with the Bulwark brand. Operating margins in the quarter rose nearly a full percentage point to 12.7% as compared to 11.7% in last year's fourth quarter and operating income increased by 27% in 2010. It was clearly a turnaround year for the image business with revenues up 8%, driven by strength in our protective and Industrial businesses. Here we benefited from a strong relationship with key accounts and our service models enabled us to capitalize on uniform replenishment opportunities throughout the year, despite the continued challenges posed by the economic conditions and sustained high levels of unemployment.

Our Licensed Sports group, or LSG, grew sales 3% with market share gains with our key Retail partners, as we leveraged our best in class flow replenishment model to quickly get the right products on the retail floor at the right times. During 2010, we also strengthened our foundation for the future. In highly competitive bidding, we extended our NFL rights, including new International rights. We also have created a new College Fan Wear business model, with co-exclusivity in channels and categories our LSG strength. We have signed Fan Wear deals with seven leading schools for shipments starting this summer, giving us a new growth platform.

In terms of 2011, we remain confident that we can maintain the positive momentum in both businesses. We are targeting a mid single-digit growth rate for Imagewear coalition revenues this year. We're also looking forward to higher operating income and margins. While we're not counting on much improvement in employment rates, we expect that the same solid momentum in our Image division in 2011 based on two primary factors. First, the fundamentals in the Protective Apparel market remain solid with continued domestic oil and gas exploration expected to increase as gasoline prices rise. Second, our value proposition to the laundry channel is key in this market environment.

In addition to benefiting from our service model, we've also seen that some of our partners are seeing the downside to the cost complexity in risks of running and internal supply chain, which points to additional growth opportunities for us. And for our LSG division, retailers are entering 2011 with leaner inventories, setting the table for our Licensed Sports business to once again capture in-season replenishment business. We have a number of new, innovative product initiatives in the pipeline and are looking forward to a year of solid growth here. Next, we have Steve Rendle with us to recap the strong results in our Outdoor and Action Sports Americas business.

Steve Rendle - *VF Corporation - President, Outdoor & Action Sports Americas*

Thank you, Scott. As noted in the press release, revenues in our Americas business increased 17% in the fourth quarter, driven by double-digit growth in both The North Face and Vans. For the full year the Outdoor and Action Sports Americas revenue grew by 16.5%, with solid growth achieved in each of our brands, The North Face, Vans, JanSport, Lucy, Reef, and Eagle Creek. At our recent The North Face investor meeting, we talked about the unique connection The North Face brand has with its consumers as the number one authentic and technically innovative outdoor brand, both in the US and Globally. To further strengthen that connection, in the fourth quarter we invested heavily behind the brand, focusing on targeted TV, online, and in-store marketing campaigns. These investments helped us drive strong sell-through across all channels of the business.

In the Direct to Consumer side, we saw high single-digit comp store growth and exceptional growth in our eCommerce business. The North Face carries a significant amount of momentum into 2011 and we well remain focused on the four key initiatives we spoke about during our December analyst meeting. Executing against our activity-based model with product innovation to deliver technically superior and relevant product a specific consumer activities of outdoor, performance, and action sports; delivering an exceptional brand experience across all aspects of our direct to consumer platform to help drive brand awareness, equity, and revenue, both in-store and online; driving our sustainability in outdoor participation initiatives; and further investing behind an authentic brand-building marketing platform to increase both brand awareness, while driving traffic to the brand's wholesale partner doors across the globe.

The North Face brand continues to exhibit strength, with spring bookings in the Americas up 17%. Looking ahead, a strong platform is in place to deliver The North Face brand growth in 2011 and beyond. During our December investor meeting, we noted that the brand continues to have a tremendous runway for growth and we are targeting a five-year compounded growth rate of 16% and a Global revenue goal of $3 billion. At Vans, fourth quarter and full year results also benefited from higher brand investments. In December, vans.com received a record-breaking number of unique visitors and the brand's, Facebook fans grew by more than five-fold to 1.8 million, helping drive solid year-over-year comps in both the bricks and mortar and eCommerce store fronts. Vans growth continues to be very well balanced with growth being uniform across both our wholesale and direct to consumer channels for both the fourth quarter and full year.

For 2011, our efforts will continue to be focused on growing awareness and accessibility for the brand outside its core California market. To that end, one of this year's primary initiatives will be able to further activate the Vans brand throughout the New York City metro area and to use this platform to build visibility across the East Coast region. As a start, in October of last year we opened our New House of Vans event space in Brooklyn, New York, with an opening event that drew an audience of over 900 brand enthusiasts. We'll build on this buzz with the opening of new Retail stores. Engaging with the highly influential consumers, industry, and media with The House of Vans venue, and deploying grass root marketing, digital, and social media campaigns.

Building our brand platform in Mexico will also be a key initiative, following last year's acquisition of our joint venture partner. 2011 looks to be off to a strong start for Vans, with Global spring bookings up in the low to mid-teens. 2010 was a turnaround year for Lucy, with revenues up 16%, built on high double-digit comp increases in both our stores and eCommerce platform. Our new product introductions are resonating extremely well with consumers, with stand out success in our perfect core pants and our [Sema] reversible vest in particular.

We are refining best practices and processes around the new leadership team, which has now relocated from Portland, Oregon, to Alameda, California. This new team is developing aggressive plans for future growth. This year, we're looking forward to double-digit growth in our Lucy brand. We will be introducing updated branding elements for the Lucy brand, while also taking steps to enhance consumer web experience with improved navigation and brand story telling. For our 65 Retail stores, we have redefined our store model and will be utilizing ethnographic research to identify new market expansion opportunities.

Our other brands in the Americas, JanSport, Eagle Creek and Reef brands, are also planning for double-digit growth. In summary, we have great brands and talented teams focused on sustaining our momentum and delivering another outstanding year in 2011. Now I'll turn the call over to my colleague, Karl Heinz Salzburger.

Karl Heinz Salzburger - *VF Corporation - President, VF Europe, Middle East, Africa, Asia*

Thank you, Steve. Let me begin by reiterating some highlights for the quarter and for the year specific to our international businesses in Europe and Asia. Strong fourth quarter performance in Europe was driven by our Outdoor and Action Sports business, where revenue grew by 35% on a constant currency basis, as well as our Sportswear and Contemporary business, where revenue grew 22% on a constant currency basis. For the full year, revenue grew 17% and 4% respectively for those two businesses.

Our European Jeanswear business continues to stabilize. Excluding the action of our mass market business in Europe, revenues were flat on a constant currency basis in the fourth quarter and profitability continues to show significant improvement. (inaudible)Our lack of consumer -- continue to drive growth in Europe, with The North Face and Vans each delivering double-digit comp store sales gains in our full price stores in the fourth quarter.

We also achieved solid comp store sales increases in Napapijri, Kipling and 7 For All Mankind brands during the quarter. For the full year, The North Face comp store sales were up 30%, Vans 19% and Napapijri was up 9%. Asia continues to be an important growth market. It is worth repeating here that our revenues in Asia were up 31% in both the fourth quarter and full year. Our four primary platforms are firmly established. In Jeanswear (inaudible) and Wrangler, Outdoor with The North Face, Action Sports with Vans, and Sportswear and Accessories with Kipling. Each of this businesses continues to have tremendous opportunities for future growth and we are investing accordingly. During 2010 [social] brand investment in China doubled on all levels and we plan an increase of over 30% in '11. India has emerged as another big highly profitable growth market for us. We established a majority-owned joint venture there in 2006 and our business has accelerated dramatically, with revenues doubling in the fourth quarter and up 60% for the year.

Several strategic initiatives are in place for 2011, to drive continued momentum across our brands and geographies. First is Europe, which represents about 60% of total International revenues. We expect continuous momentum here, with strong forward bookings and double-digit increases planned in most brands. An important factor in our strong growth expectations for Europe is the continued growth in both revenues and profitability of our Direct to Consumer business. We are very encouraged by the significant improvement that we achieved in our full year profitability in 2010, which places us in a great position to accelerate our store openings this year.

In 2011 we plan to grow our store base by 25%, focused on prime locations to (inaudible)brands image. Store openings will be concentrated in The North Face, Vans and 7 For All Mankind brands. Thirdly, in Asia, we will build upon our current strong momentum, increasing our marketing investments, expanding our door count, and strengthening our leadership team and infrastructure. Our door count in China should grow by over 500, with an emphasis on Vans, which will double its distribution. In India we will be adding 125 stores through partners, which will bring our total to over 700 partner doors there and look forward to launching Vans as well. We are looking forward to another year of strong growth in Asia, with revenues expected to rise by over 25% from a base of $385 million in 2010. We have our eyes fixed firmly on achieving a longer-term revenue target of $1 billion.

And lastly, having strengthened our platform in 2010, we will continue to improve the fundamentals and invest in growing our European Jeanswear business. We have accelerated product innovation in both our Wrangler and Lee brands. We will move forward with distinctive marketing campaigns to ensure our brand's story reaches consumers across all touch points. With a turnaround in profitability achieved in 2010, we feel increasingly confident about the prospects for expanding our Jeanswear business. Overall, we are very pleased with our accomplishment in 2010, and 2011 is off to a tremendous start. We have many strategic initiatives in place and a strong platform to support our growth across all businesses in 2011 and beyond.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Karl Heinz. Before we open the lines for questions, I would like to remind everyone that we have an investor meeting planned for March 11 in New York City. We look forward to updating you on our five-year plans and targets at that time. And with that, we'll open the lines for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)Robbie Ohmes with Bank of America Merrill Lynch.

Robert Ohmes - *BofA Merrill Lynch - Analyst*

Great quarter, guys. Two quick questions, Eric. The first one, on the revenue guidance, I think it is 8% to 9% for 2011, can you give us sort of the aggregate amount of price increase that's baked into that? And then the second kind of broader question is I thought you guys laid out a lot already on how you get to $7.00 to $7.10 for the year. You guys are usually conservative, I think. So, can you sort of give us some of the things that you think where you most likely could see upside to the 2011 guidance that you guys gave us this morning? Thanks.

Bob Shearer - *VF Corporation - CFO*

Robbie, this is Bob. I'll start on the pricing piece. There's a few percentage worth of pricing, of the 8% to 9%, again, a few percentage points are represented by pricing . What I would also point out, a couple other factors is that in our Jeanswear business, as you would imagine, where the most cost pressure is felt, that's where we see the most pricing opportunity. However, what I would also say is that our Jeanswear business, as Scott mentioned in his commentary, also includes a decline actually in unit volumes. So, there are a lot of different factors impacting the overall revenue guidance. But yes, a few percentage points come specifically from pricing. That's, and as we pointed out, very selective pricing increases and of course Jeanswear being the most significant component of the pricing. A little pricing increases in most of the business, across the businesses, but not nearly to the impact that we see in Jeanswear. And the

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Robert Ohmes - *BofA Merrill Lynch - Analyst*

And then on where the opportunity might be to do better than the sort of initial guidance you guys laid out for 2011?

Bob Shearer - *VF Corporation - CFO*

Well, what I would say to that is, again, I know we are spending a lot of time talking about the Jeanswear business, but we hope clearly that we've captured the impact of the higher price points and we think we've been prudent in terms of how we've dealt with that in terms of the volume declines that we specifically mentioned. I think one of the points there, Robbie, is that we have an advantage from a cost standpoint in jeans. As the Asian markets are a little sketchy in terms of getting product and that kind of thing, you know that in our US jeans business 65% of those products come from our own plants. While others are dealing with cost increases from labor as well as fabrics, in our own plants we believe that our costs from a labor standpoint will be neutral. And the reason for that is the benefit that we see by putting products through our own plants is broadening. It's bigger than it has been ever before. So because of what's going on in the world of sourcing. So what we're doing is we're bringing more products into our own plants, with a flat labor cost to us because of the higher absorption and we think that's a real advantage to us. So while everyone, all of our competitors, are going to be feeling the pressures of costs and pricing as well, we believe that we're advantaged there. So it's a little hard to tell exactly how all that's going to sort out, given the pricing and volume ratios. Again, we think that we have prudently captured that and hopefully we have.

Robert Ohmes - *BofA Merrill Lynch - Analyst*

Great. And one quick last question, is there any thought on just how we should layout our quarters? Do you think the rate of earnings growth will be pretty consistent over the next four quarters based on your 2011 outlook?

THOMSON REUTERS

Bob Shearer - *VF Corporation - CFO*

Yes, the quarters that you'll see the most impact, specifically from the gross margin side, will be the second and third. As you know, the costs that we carried into the year from 2010 were lower, and as a matter of fact, in our Jeanswear business, using that as an example, what we did was we bought more denim. We bought 50% more denim to carry into 2011 than we normally would, obviously in anticipation of the higher costs. So the first quarter comparisons, as you would imagine, will be a little bit better. In the second and third quarters are where the cost increases will be most obvious. Now, you might be wondering, why not the fourth quarter? And the reason for that is in the fourth quarter of 2010, we began to see the impacts of higher costs, specifically in our Jeanswear business. Our operating margins actually just in our US jeans business, again where the most pressure is, were down a couple hundred basis points in the fourth quarter. Now, not really that noticeable because of the improvements that we saw in other pieces of our business, specifically European jeans business, as well as our Asian jeans business. And that's exactly what we expect to see in the fourth quarter of 2011, as I mentioned in my comments. So not quite as much pressure in terms of the comparisons in the fourth quarter. A little more in the second and third quarters.

Robert Ohmes - *BofA Merrill Lynch - Analyst*

Terrific. Thanks a lot, guys.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Robbie.

Operator

Jeff Klinefelter with Piper Jaffray.

Jeff Klinefelter - *Piper Jaffray & Co. - Analyst*

Thanks for all the great detail today and congratulations as well. In terms of pricing, domestic versus international, wondering if you could share a little bit more detail there. Understand you go for some strategic price increases in your domestic denim business. Will that carry over into Europe and Asia? And to what extent are you seeing other opportunities for strategic price adjustments across the three major regions? And then one other question, Bob, for you is on FX, kind of what are your thoughts for FX going into 2011? What are you planning?What rates are you planning at? Thank you.

Eric Wiseman - *VF Corporation - Chairman & CEO*

I'll deal with the first part of that and let Bob deal with the second part. We are having product cost increases across the globe, but it means different things to different business units. On the domestic front where we are so heavily penetrated, particularly in our Jeanswear business in the mass and mid-tier, an increase in cost of denim has a much more severe inflationary impact on our pricing to consumers. In Europe, where products -- and ion Asia, where products are so much more expensive to begin with at a base level, the percentage increase from the inflation is relatively minor and relatively easy to pass through. It is a much lower percentage of higher price products. So, we have inflation worldwide. But how it shows up in a product in the mid-tier could be mid single-digit cost increases and in Europe it could be a very low single-digit price increase that's relatively invisible to consumers. I'll ask Bob now to deal with the FX question.

Bob Shearer - *VF Corporation - CFO*

On the FX question, we're using 130 rate on the Euro. Our biggest exposure, as you well know, is against the Euro and we're using a $1.30 rate, understanding that today's rate is in the $1.36 to $1.37 range. And just to put a little bit of perspective around that, every $0.05 movement, 5-point movement in the relationship is worth about 40 -- at this point in time of the year, is worth about $40 million of revenues and $0.02 to $0.03 a share.

Jeff Klinefelter - *Piper Jaffray & Co. - Analyst*

Great. Thank you very much.

Bob Shearer - *VF Corporation - CFO*

Sure.

Operator

Kate McShane with Citi Investment Research.

Kate McShane - *Citigroup - Analyst*

My question is around sourcing as well and I think you had mentioned incorporating in your guidance is the possibility of unit decline in your Jeanswear business and I wondered if you could tell us what elasticity rate you're assuming for your Jeanswear business and my second question in that, it sounds like you have some good visibility through the third quarter. When do you expect to get more visibility for costs in the fourth quarter? Or for the fourth quarter?

Bob Shearer - *VF Corporation - CFO*

I'll take a stab at the elasticity question. I guess what I would do is repeat what we have assumed. We're clearly not offsetting all of the costs with pricing and I mentioned that we expect the cost increases to be in the mid-teen kinds of increases, obviously higher in the second half of the year than the first half. Closer to 20%, actually, in the second half of the year. With that, yes, we are. We are assuming volume reductions against that. And, as I said, assuming that pricing will not fully offset the cost increases, hence the 350 basis point reduction in our gross margins. I'm not really sure how to relate in terms of the elasticity. What we did was we looked at a lot of different factors from a lot of different businesses to evaluate the impact of pricing on our ultimate volumes and feel like we came to a really prudent response in terms of the assumptions that we've made around volume related to price increases.

Eric Wiseman - *VF Corporation - Chairman & CEO*

And Kate, I'll add that we have communicated our pricing plans to our retailers and the plans we have for spring and are planning to [walkdown] through the fall season, we share assumptions with our retail partners about what the price increases will be and the impact on unit dollars. So, we have agreement with them on what the elasticity will be and it differs by product and style and retailer. Whether we are right or not is what we don't know, but we do have an agreement on it. They bought into -- they bought units into our new prices. And Bob, do you want to deal with the visibility of fourth quarter?

Bob Shearer - *VF Corporation - CFO*

Visibility of fourth quarter costs, I think, is what you were zeroing in on, Kate. Generally, six months in advance is what is the general rule of thumb here. So now, again, we are gaining visibility to the fourth quarter and, once again, I'll speak mostly to the Jeanswear piece, and we have, as I said in my comments, we have denim vendors that are now committing to us through the full year. Right? So they are committing to prices that would take us through the full year. So we have some visibility already and we'll have greater visibility in a few months from now, by the end of June.

Kate McShane - *Citigroup - Analyst*

Okay, that's great.

Bob Shearer - *VF Corporation - CFO*

One other point I did want to make, Kate, is that just, again, keep in mind that in the fourth quarter, now we're talking about costs that will carry into 2012. So when we buy fabric, for example, denim that we acquired in the fourth quarter will flow through cost of sales in the first quarter of 2012.

Kate McShane - *Citigroup - Analyst*

Okay.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Does that help you, Kate?

Kate McShane - *Citigroup - Analyst*

Thank you, it does. And if I could just ask one more question on your retail business. We did get retail on the international side, but of the 100 doors you're opening in 2011, can you break down what brands most of those store openings are from? And then also, I wanted to know if there was any more low hanging fruit for your eCommerce business. For example, are there businesses that still need eCommerce website in certain geographical locations and things like that, that you'll be addressing in 2011?

Eric Wiseman - *VF Corporation - Chairman & CEO*

Sure. And your question about store count is a 2011 store count?

Kate McShane - *Citigroup - Analyst*

Yes.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Or 2010, okay. Well, we plan to open around 100 stores -- let me give you some context -- around 100 stores next year or this year, I guess it's 2011. A big change for us in 2011 is that the mix is going to shift from being primarily domestic doors to primarily, I would say the majority, about 60% will be opened outside of the United States. And the reason for that, Karl Heinz alluded to during the call, is the strength of the operating performance that we are now achieving in our international stores. As Karl Heinz and his team have improved the operating performance of our stores, we're investing disproportionately in them, as we enable our brand portfolio around the world. As we look at stores in general and I don't have specific numbers for you, but Vans is a big priority for us. In Asia, just in general, we're going to open a lot of store fronts next year. 7 For All Mankind would be the next largest brand, probably followed after that by Jeanswear in Asia.

Kate McShane - *Citigroup - Analyst*

Okay. Thank you.

Operator

Eric Tracy with FBR Capital Markets.

Eric Tracy - *BB&T Capital Markets - Analyst*

Hi, good morning and I'll add my congratulations as well. If I could just on the gross margin levers, I guess stripping out higher product cost inflation, sort of the contribution from the manufacturing efficiencies and then the mix shift, the higher -- the life-style brands to direct to consumer international, what kind of contribution are those pieces making as we think about FY '11?

Bob Shearer - *VF Corporation - CFO*

Okay, EricSo, the mix shift. And as you know, we've been seeing a nice benefit from the faster growth in our higher margin businesses and that holds true for our retail business as well. Much higher gross margins, expanding stronger than overall VF averages, that also holds true for international business and that will be particularly so in 2011, as we said we're expecting mid-teen kind of growth rates. So, that 100 basis points that we've been seeing over the past couple years of improvement in the gross margin line, we once again expect to see in 2011. So what that means is if we're going up 100 basis points related to mix, if we're going to see an improvement of 100 basis points from mix and, as we've said, we expect our overall gross margins to decline by just less than 100 basis points, that means that there's about 200 basis points on a net basis higher cost versus pricing. So in other words, the impact of higher costs not being fully offset by pricing and that total impact is about 200 basis points or a little less than 200 basis points.

Eric Tracy - *BB&T Capital Markets - Analyst*

Okay, that's really helpful. And then, Eric, obviously all this focus on product cost inflation. Now we've got sort of oil ramping here as well. Kind of your thoughts on potential $4 gas impact on the top-line as we think about going in, particularly, in the back half of this year.

Eric Wiseman - *VF Corporation - Chairman & CEO*

I think, Eric, you raised a real issue that particularly American consumers face is cost inflation across their lives. And that comes home particularly strongly in the mid-tier and mass channels, where as consumers pay more for food and for gasoline for their cars and for their apparel, it's going to put pressure on what they spend their money on. And we have talked a lot about that. We've talked a lot about that with our customers and we have built that into our plans, that's what gets us to the mid single-digit unit declines in our Jeanswear business, which we just haven't had. But that's why we are seeing that is we expect great cost pressure to really influence how much consumers can afford to spend on apparel. But we do think we have that adequately reflected in our overall plans for 2011 and we're thrilled that we think we can confidently deliver 8% to 9% revenue growth in that environment.

Eric Tracy - *BB&T Capital Markets - Analyst*

I was just going to follow-up, housekeeping, Bob, for you, interest expense and tax rate in '11.

Bob Shearer - *VF Corporation - CFO*

Yes, tax rate should settle in at about 25.5%. 25.5% is a little bit higher than this year, there were a couple credits that came through -- in 2010, some credits came through that we were not expecting. In terms of interest, because we paid down a couple hundred million dollars of higher cost debt, interest will be down by about $15 million.

Eric Tracy - *BB&T Capital Markets - Analyst*

Okay, great. Thank you all.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Eric.

Operator

Bob Drbul with Barclays Capital.

Bob Drbul - *Barclays Capital - Analyst*

I guess the first question I have is when you talk about the price increases that you're planning and the retailers have accepted it, can you layout for us sort of your assumptions in terms of if the consumer does not accept the price increases or is there any recourse that the retailers have to come back to you in terms of markdown money or support from that perspective? That's my first question.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Well, I think I would answer that in a pretty broad way, Bob. Because of the uncertainty of how consumers are going to respond, we think we've incorporated prudent assumptions regarding prices we're going to ask and the possible impact on unit volumes. I mean, that's how we're thinking about it. We think we've struck a really balanced position in that and, obviously, we have a bunch of levers at our disposal at this point in time in the year. But there's, that is -- I think what Robbie asked upfront, what are the opportunities in the plan and the opportunities and the risk are all around gross margin dollars for us this year and we think we're in the right spot for our [pointing] purposes.

Bob Drbul - *Barclays Capital - Analyst*

Okay. And then when you look at the inventories up 12%, talk about that being in line with your revenue growth plan, but do you feel that you're taking more inventory risk as you look at the environment that we're in with that 11%, 12% increase?

Bob Shearer - *VF Corporation - CFO*

No, not really, Bob. There's a piece of that. As I mentioned earlier, there's a piece of that that represents a more aggressive buying, I guess, trying to get some products in here a little bit sooner than we otherwise would. So there's a component of cost. Costs were also higher, as I mentioned, specifically in Jeanswear. So that impacted the inventory increase and then bringing goods in a little bit earlier, so, no, not really. We're not -- we're going to plan our business as we normally have, but there are a couple factors that are impacting the increase that you see at the end of 2010.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Bob, we have so many big replenishment programs that as we were deciding to accelerate our purchasing of inventory, we obviously did it in the safest way possible, in very large programs that are very low risk to us and our long (technical difficulties) those big replenishment cycles. So we could afford to carry a little bit of extra product there and buy it at a lower price. Smart thing to do, we think.

Bob Drbul - *Barclays Capital - Analyst*

Great. And just my last question is for Scott. On the mass denim businesses, have you seen changes in terms of mix by brand? Like have the retailers bought less Lee and more Wrangler? Are you seeing retailers make those sort of maneuvers as they plan for these price increases that you're implementing?

Scott Baxter - *VF Corporation - President, VP Imagewear*

No, I think it's too early to tell right now. Right now with the year just kicking off and our increases just starting, it's just too early to tell and we haven't seen any fundamental change.

Bob Drbul - *Barclays Capital - Analyst*

Great. Thank you very much.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Bob.

Operator

Michelle Tan with Goldman Sachs has our next question.

Michelle Tan - *Goldman Sachs - Analyst*

I was wondering as you guys look at the portion of your marketing investment that's really going towards building future revenue growth as opposed to driving sales in the current quarter, I was wondering if you could give me some way or some more color on how to think about those investments and the kind of comfort you have that your revenue growth accelerate to that 8% to 9% from the 7% this year without that incremental marketing spend continuing at the same pace.

Bob Shearer - *VF Corporation - CFO*

Michelle, let me give you a little color on the marketing investment, just so you understand. I want to make sure we're all talking with the same numbers. Our marketing spend in 2010 was about 5.5% of revenues and we're expecting it to be around the same 5.5% of revenues in 2011. So since our revenue forecast is to go up 8% to 9%, we're looking at 8% to 9% expansion in our marketing investment fund. We think we've invested -- we think we've had the right balance of short-term and long-term investments. And one of the reasons there was so much in the fourth quarter was we were driving so much activity during the very important time of the year for us and it showed up in our fourth quarter revenue numbers, as we talked about during the release. We think we are in a good spot for 2011 with that level of marketing investment. I'll add that as you think more long-term, as our business mix goes to more life-style brands, they spend more on marketing and they earn higher gross margins. So it's kind of a self funding increase or a mix across VF will hopefully go up in years to come if we're successful growing our life-style brands disproportionately.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Does that help you?

Michelle Tan - *Goldman Sachs - Analyst*

It does. I mean, I guess the question is in fourth quarter you obviously grew marketing pretty dramatically and saw a really nice reaction in terms of revenues and that growth accelerating. And I guess the question really revolves around, as the revenue or the marketing growth kind of levels off, are you able to sustain that incremental growth momentum that you put up in fourth quarter. But, that does help me.

Bob Shearer - *VF Corporation - CFO*

We're not expecting, obviously, this year to come in at that high of a growth rate, but we did have it -- we did do a great fourth quarter for us.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Off of an exceptional growth rate in 2010. That's part of the equation as well.

Michelle Tan - *Goldman Sachs - Analyst*

Sure. And then I guess my second question is just on the inventory dollars, is there a way to kind of think about in aggregate how you're planning or how you see inventory growth kind of shaking out across the brands for the second half of the year?

Bob Shearer - *VF Corporation - CFO*

Well, by the end of the year, here's what we expect. We expect that our days in inventory for 2011, our days in inventory will actually decline. So, you know by now it's an area that we just put constant pressure on in terms of controlling those inventories and reducing risks in inventories. So we expect a five or so day reduction in days by the end of the year. Now, again, the offset to that is higher cost product will drive the dollars up more than the day reduction. So there are a lot of factors going on there, but I think the most important piece and the piece that we spend most time looking at are the days in inventory and we expect that to come down by the end of 2011.

Michelle Tan - *Goldman Sachs - Analyst*

Perfect. Very helpful, guys. Thanks.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Michelle.

Operator

(Operator Instructions) Michael Binetti with UBS.

Michael Binetti - *UBS - Analyst*

Hi, guys, congrats on a nice quarter. And thanks, Bob, for all the details. You are like a lot of us that felt a little bit starved for some detail from the sector here lately. This is really helpful. Maybe you could speak a little bit to the RFID program that you guys put in at Wal-Mart. Is that something that you consider to be a contributor to profitability in the Jeanswear business this year? Is there any way we should think about that? That seemed like it should take quite a bit of costing out of the sourcing and supply chain systems.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Yes, Mike, I'm afraid we can't comment on that. That's a test that Wal-Mart is running and we're participating in. But I don't want to get ahead of my customer in talking about the implications of that test. So I would ask you to allow me to just be silent on that topic. Sorry. I just don't think it is our business reason to talk about the results of that.

Michael Binetti - *UBS - Analyst*

Got it. Okay. And, Bob, is there any way you could just maybe give us a little bit of detail to help us think about pension expense in 2011 versus 2010 and how we should be kind of tracking that for the year.

Bob Shearer - *VF Corporation - CFO*

Yes, a little bit different than, of course, the increase that we saw a little while back. Yes, pension will come down a little bit in 2011. As a matter of fact, it should help us by about $0.05 a share. Again, that's over the entire year and it will be very consistent quarter by quarter. So again, you have to divide the $0.05 by four and that's the impact on a quarter to quarter basis.

Michael Binetti - *UBS - Analyst*

And is there upside to that contribution to your earnings if interest rates start to rise at all?

Bob Shearer - *VF Corporation - CFO*

Actually, not. Once that cost is locked in, it's with us for the full year. So the next adjustment won't be made until the beginning of next year.

Michael Binetti - *UBS - Analyst*

Okay. And then if I could ask Steve a question really quick.

Steve Rendle - *VF Corporation - President, Outdoor & Action Sports Americas*

Sure.

Michael Binetti - *UBS - Analyst*

Steve, so it sounds like the big driver in the outdoor category this year was the fact that last year the US sportswear retailers were still playing inventory management game and they ordered higher product this year to have product flowing into the stores right up to the holiday. It sounds like January, though, some of these guys had run out of inventory with very volatile weather in the news around the country. So when you look at this year, is there a tendency -- do you feel like in your guidance you've given, is there a tendency to have higher inventories after the holiday at this point, or perhaps could that be an area where you could see some upside to guidance if that's what's happening? Thanks.

Steve Rendle - *VF Corporation - President, Outdoor & Action Sports Americas*

Your question around holiday specific to 2011 holiday?

Michael Binetti - *UBS - Analyst*

Well, 2011 and then I guess the fact that it sounds like a lot of folks were out of inventory after the holiday with bad weather causing some more demand.

Steve Rendle - *VF Corporation - President, Outdoor & Action Sports Americas*

Right. The way we look at our year, our brands work on a very strong pre-booking model and we take our customers' orders, build our inventory, and are there to service reorder with a very little bit of excess built into our model. When we see retailers really maintaining the conservancy that they had this last year and buying behind those brands that delivered the exceptional results in 2010.

Michael Binetti - *UBS - Analyst*

Thank you very much.

Operator

Jim Duffy with Stifel Nicolaus.

Jim Duffy - *Stifel Nicolaus - Analyst*

Couple questions. On the Jeanswear business, have you seen or do you expect to see your customers buying in advance ahead of price increases?

Scott Baxter - *VF Corporation - President, VP Imagewear*

No, we haven't seen much of that at all.

Jim Duffy - *Stifel Nicolaus - Analyst*

Okay.

Scott Baxter - *VF Corporation - President, VP Imagewear*

We don't expect any real big purchases here or anybody doing that in the short-term.

Steve Rendle - *VF Corporation - President, Outdoor & Action Sports Americas*

Such a large percentage of our business, Jim, is done on a replenishment basis, in jeans in particular, so it's a little different business model.

Jim Duffy - *Stifel Nicolaus - Analyst*

Okay. And then the second question, on the Jeanswear business, the sourcing base for the private label providers, can you characterize that some and do you expect the price increases you see from private label to be comparable to yours or is there potential for that price gap between the branded offerings and the private label to narrow?

Bob Shearer - *VF Corporation - CFO*

Are you speaking to pricing, or are you speaking to cost?

Jim Duffy - *Stifel Nicolaus - Analyst*

I'm speaking to -- well, in effect, both. Is their sourcing base such that their costs are going to be higher and therefore they will have to raise prices more to maintain the same margin and therefore that pricing gap between the private label and the brands narrows?

Bob Shearer - *VF Corporation - CFO*

Yes, I'll speak to the costs. Eric may want to comment on pricing. Relative to the costs, it gets back to some of the earlier comments. Specifically in jeans, because we make 65% or so in our own plants, and actually we'll take that up a little bit this year, it allows us to absorb the labor component. So we're all dealing with a bit of a similar issue in terms of fabric. However, I would also remind you that VF consumes 46% of the total US denim capacity, right. So we're obviously a big player there and we would like to think that that scale, obviously, gives us some advantage. Then on the cost side, so the other component then being labor. From a labor standpoint our costs should be lower, will be lower, frankly, than is available elsewhere. You know that we produce goods at a lower cost already and, as I was saying earlier, that gap, the benefit that we have by producing our own goods is broadening at this point and it's because of the labor cost influence that's taking place elsewhere in the world. So from a cost standpoint, we do think that we have an advantage.

Eric Wiseman - *VF Corporation - Chairman & CEO*

And how that translates to price, we don't control that, what people charge for things. In fact, it's important as we have all of these discussions about inflation that we understood, everybody understand that we set wholesale prices for our products and the retailers set the retail prices. And we have a discussion about that, but at the end of the day, we try to manage the gaps that we believe exist between all the brands we compete with, private or national brands, in an intelligent kind of way, but we don't control what retailers charge for their products. So we think we've navigated into the right spot to give us a competitive advantage and it let us grow some share, but we'll see all of that as the year unfolds.

Jim Duffy - *Stifel Nicolaus - Analyst*

Very good, thanks.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Jim.

Operator

Evren Kopelman with Wells Fargo.

Evren Kopelman - *Wells Fargo Securities - Analyst*

I had a question about in US Jeanswear, the February price increases you took. I think you said earlier it's probably too early to talk about consumer reaction, but can you talk about the reaction from your customers, the retailers. We noticed just being in the stores, the price increases to the tune of 10% to 20%, both at Lee and leading competitor. And does that sound right, our observations, because that was greater than we thought, so I was just curious what the customers' reaction was to that. And then the second question is does your EPS guidance assume any buyback, stock buyback? Thank you.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Bob, you want to deal with the buyback question quickly.

Bob Shearer - *VF Corporation - CFO*

Pretty easy one. Yes, the buyback, what we did was we bought back an additional 1 million shares at the end of 2010. Our plan is to buyback another 1 million shares in the earlier part of 2011. So we kind of got a nice jump in 2010 on the overall share account. We'll buyback another 1 million in 2011. That's what's built into our plans.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Okay. And your question on pricing and you asked about how the retailers reacted to the wholesale price increases that we proposed and that they have accepted. And I said earlier on the call, we have spring plans and fall plans locked down, where we have made assumptions about what our wholesale price will be and retailers bought units accordingly based on how many they think they can sell at whatever price they sell it for. So the retailers and VF have agreed and this is I'm talking particularly about denim, we share a business model for this year and it's reflected in our plans with them and in the plans we're discussing with you. How consumers are going to react to that is an unknown. You mentioned a 20% price increase in the mass. Now that sounds like a lot to me, but I don't know what -- you could have been going from an onsale price to a new high price, but that sounds really high to me for what we expect to see. Does that help you?

Evren Kopelman - *Wells Fargo Securities - Analyst*

Yes, it does. It wasn't mass. It was a bit more moderate at the stores I was visiting.

Eric Wiseman - *VF Corporation - Chairman & CEO*

I think my comment would stand, though.

Evren Kopelman - *Wells Fargo Securities - Analyst*

Okay.

Operator

Mitch Kummetz with Robert Baird.

Mitch Kummetz - *Robert W. Baird & Company, Inc. - Analyst*

Yes, two quick questions. First, Bob, you mentioned that Jeanswear coalition operating margin will be down less than a point. Could you just give a little color on how you expect the operating margins for the other coalitions to flow for the year.

Bob Shearer - *VF Corporation - CFO*

Yes. We expect our Outdoor and Action Sports to be very similar to the very high level achieved in 2010. We expect some continued improvement in our Imagewear business. We've been seeing that. We said all along we have absolutely the right cost structure in place, so that as we see a little bit of revenue lift, which we've been seeing and Scott talked about specific pieces of business that are particularly strong, we expect the operating margins there to improve. And we do expect some expansion in our contemporary operating margins as well. There were a number of nonrecurring kinds of charges included in the 2010 results, like getting our inventories in the right place. We were too bulked up on inventories. We had to take charges to reflect that and those are the kind of things that are included in 2010. So, there should be clearly some rebound. There will be clearly some rebound in our operating margins for contemporary as well.

Mitch Kummetz - *Robert W. Baird & Company, Inc. - Analyst*

Okay. And then you also mentioned in your prepared remarks that you expect your marketing spend to be more balanced this year. That would seem to benefit the fourth quarter, I would assume. But how should that impact the earnings on the quarters in 2011, particularly the first three quarters?

Bob Shearer - *VF Corporation - CFO*

Right, yes. Generally, Mitch, you're absolutely right in your comment on the fourth quarter. That was the really heavy period. And the impact just wasn't so obvious in the first three quarters. So the way we recognized our overall marketing spend is based on revenues. So as the revenues were stronger in some quarters versus others, you can expect that higher amount of dollars to be spread pretty evenly based on revenues. In other words, to be based on the revenue spread, right. So that means more in the second half of the year than first half.

Mitch Kummetz - *Robert W. Baird & Company, Inc. - Analyst*

Got it, okay. Thanks. Good luck.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thank you.

Bob Shearer - *VF Corporation - CFO*

Thank you.

Operator

David Glick with Buckingham Research Group.

David Glick - *Buckingham Research Group - Analyst*

Just a quick follow-up on the domestic jean business. Your primary mid-tier competitor has raised prices over 20% and there is -- while you don't control retailers pricing, there is map pricing, which generally drives how retailers do advertise jeans. And it seems like that sudden increase by your primary competitor could create a market share opportunity as you'll probably be the -- own that under 30% branded mid-tier business. I'm just wondering, if you look at it that way and then how you're kind of phasing in your pricing relative to that competitor, because it sound like they just went out of the gate in February with that big increase.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Yes, we've noticed that increase as well as you and we think we have a great value proposition for our mid-tier jeans program and we hope we're very successful with it.

David Glick - *Buckingham Research Group - Analyst*

I guess the answer is yes, then. You think you have a market share opportunity.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Yes, we hope so.

David Glick - *Buckingham Research Group - Analyst*

And then just a quick follow-up on the premium denim business. Obviously that was a little tough as the year closed, but there do seem to be some signs of life in that business with different rises and different leg treatments, flares, wide legs, are you starting to see any hope in that business by some of those new changes in fashion?

Eric Wiseman - *VF Corporation - Chairman & CEO*

Yes, but as Bob commented in his narrative, we invested a lot in that 7 For All Mankind business last year. And we invested because we do see opportunities. We had some challenges during the year for sure. I'll first comment that internationally, particularly in Europe, the brand is going quite nicely and we're investing very heavily in the brand in Europe. We've also launched the brand in Asia and are beginning to gather momentum there, which brings us to the US market where our wholesale business has clearly struggled. We hope that we have the right products on the right trend for this year. We're clearly more optimistic with it. We've got a lot of our inventory and styling challenges behind us and we have kind of a team in place we think is going down the right path. But we've been conservative in our assumptions for that business and we'll chase it if it gets good.

David Glick - *Buckingham Research Group - Analyst*

Great, thank you very much. Good luck.

Operator

Todd Slater with Lazard Capital Markets.

Todd Slater - *Lazard Capital Markets - Analyst*

Great quality quarter, everybody.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Thanks, Todd.

Todd Slater - *Lazard Capital Markets - Analyst*

I guess just one last question, if prices are up 10% to 20% this year, in jeans especially, how do you see that sort of your pricing strategy domestic versus international? And then if you just look out a little further, if I may, if cotton prices declined materially in 2012 and I think you're seeing cotton futures down upwards of 30% or so, what do you think happens with pricing in 2012? Do people try to hold it a little bit and take some margin or do you think prices could conceivably come down in some of these product categories? Thanks.

Bob Shearer - *VF Corporation - CFO*

Sure. Gosh, I forgot the first part of your question, Todd. I'll do the second part.

Todd Slater - *Lazard Capital Markets - Analyst*

Just sort of domestic versus international pricing.

Bob Shearer - *VF Corporation - CFO*

Oh, domestic versus international pricing. Our domestic business is much more sensitive to product cost increases, because the average unit retail in our domestic Jeanswear program is, gosh, it's 50% to 75% lower than what we sell jeans for internationally. So we are able to pass the product, the cost increases along much more easily outside of the United States than we are in the United States and that's why you see the unit declines that we see. And the second part of your question was longer term, if cotton does come down we hope that that is a challenge we have to deal with. My guess is that there's going to be -- my guess, and this is purely a guess, is that if that happens there will be some giveback to the consumers, because I think that it depends a lot on how the overall economy is. If the overall economy is tough and the consumers are struggling to buy apparel, my guess is you'll see more of a giveback and if the economy is really, really strong and the apparel industry is really interesting and still offering great value, you would see less, but that's all conjecture and I hope we have to deal with that in the long-term.

Todd Slater - *Lazard Capital Markets - Analyst*

Thanks very much.

Bob Shearer - *VF Corporation - CFO*

You're welcome.

Operator

Now I would like to turn the call back over to our speakers for any additional or closing remarks.

Eric Wiseman - *VF Corporation - Chairman & CEO*

Sure. A quick closing comment. Thanks, all, for your attendance. As I said earlier, we have a March 11 investor day in New York City. It will be webcast as well. We'll be talking about our five-year vision for our corporation and how we look beyond the great story we've seen in 2011 and the things we plan to bring to our shareholders over the next five years. See you then. Thanks much.

Operator

Thank you. And with that, we will conclude today's conference. Thank you for your participation. You may now disconnect.
