

July 19, 2007



## **VF Announces Record Second Quarter and Declares Dividend**

**-- Revenues Rise 12%, with Growth across All Businesses**

**-- EPS from Continuing Operations up 16% to \$.93, Including \$.04 Gain from Sale of H.I.S(R) Brand in Europe**

**-- Maintaining 2007 Guidance of 12% Growth in Both Revenues and EPS**

**Information Regarding VF's Second Quarter Conference Call Webcast Today at 8:30 A.M. Can Be Found at the End of This Release.**

GREENSBORO, N.C.--

VF Corporation (NYSE: VFC), a global leader in branded lifestyle apparel, today announced results for the second quarter and first six months of 2007 ended June 30, 2007. All per share amounts are presented on a diluted basis and, unless otherwise noted, reflect continuing operations.

Revenues rose 12% to a record \$1,517.4 million, compared with \$1,351.3 million in the second quarter of 2006, driven by higher revenues across our Outdoor, Jeanswear, Sportswear and Imagewear businesses. Income from continuing operations in the current quarter increased 18% to a record \$105.8 million, compared with \$89.6 million in the prior year's quarter. Earnings per share from continuing operations rose 16%, to a record \$.93 from \$.80 last year and included a \$.04 gain from the sale of the H.I.S(R) trademarks and related intellectual property in Europe. Reflecting the impact of our discontinued intimate apparel business, the sale of which was concluded in the second quarter, net income was \$81.7 million, or \$.72 per share, compared with \$99.0 million, or \$.88 per share in the prior year quarter.

For the first half of 2007, revenues rose 14% to a record \$3,191.0 million from \$2,806.9 million. Income from continuing operations increased 15% to \$239.9 million, compared with \$207.7 million in the prior year period. Earnings per share from continuing operations rose 14% to \$2.10. Net income, including the effects of discontinued operations in both periods, was \$220.0 million, or \$1.93 per share, compared with \$227.2 million, or \$2.02 per share in the prior year period. Year-to-date, the impact from discontinued operations was a net loss of \$19.9 million, or \$.17 per share. Considering the anticipated gain on assets yet to be sold throughout the remainder of the year, the projected impact from discontinued operations for the full year is an estimated loss of \$.07 per share.

"The success of our brand portfolio management strategy is evidenced by another record quarter. Our core businesses, which remain strong and healthy, and the brands we have acquired over the last several years continue to drive tremendous shareholder value. Most importantly, we continue to see substantial opportunities for growth, particularly across our lifestyle brands," said Mackey J. McDonald, Chairman and Chief Executive Officer. "Our two most recent acquisitions, the Eagle Creek(R) and Majestic(R) businesses, are performing very well, and we remain confident in our ability to successfully identify, acquire and integrate additional brands with strong growth potential."

#### Second Quarter Business Review

##### Outdoor

Total revenues grew strongly in the quarter, up 20% to \$446.8 million. Domestic revenues grew 10% in the quarter, driven by double-digit growth in The North Face(R) and Reef(R) brands and continued strong growth in our Vans(R) brand. JanSport(R) brand revenues declined in the quarter, due primarily to a shift in the timing of product shipments into the third quarter. The acquisition of the Eagle Creek(R) brand of adventure travel gear added \$10 million to revenues in the quarter. International revenues rose 48%, with The North Face(R), Vans(R), Kipling(R), Napapijri(R), Eastpak(R) and Reef(R) brands each growing in excess of 35%. Outdoor operating income grew 25% in the quarter, reflecting the strong increase in revenues.

##### Jeanswear

Revenues in our Jeanswear coalition, which includes our Wrangler(R), Lee(R) and Riders(R) brands, rose 3%. The increase was driven by a 14% increase in international revenues in the quarter, led by continued strong performance of our Lee brand and rapid growth in emerging markets such as China, Russia and India. Foreign currency translation also contributed to the international revenue gain, accounting for about half of the increase. Domestic revenues were flat in the quarter, with revenues in our Lee, Mass Market and Western Specialty businesses each approximately even with prior year levels. Jeanswear operating income rose 14%, with a strong increase in operating margins resulting from restructuring actions taken in prior periods.

##### Sportswear

Total revenues of our Sportswear coalition, which includes our Nautica(R) and John Varvatos(R) brands as well as the Kipling(R) brand in North America, rose 9% in the quarter. Our Kipling(R) and John Varvatos(R) businesses each posted revenue gains in excess of 25%, and revenues of our Nautica(R) branded business grew 6%. Operating income rose 5% in the quarter, with operating margins slightly below prior year levels due to continued investments to build our women's sportswear business.

##### Imagewear

Total revenues of our Imagewear coalition rose 22% due to the February 2007 acquisition of the Majestic Athletic business, which contributed \$45 million to revenues in the quarter. Imagewear operating income and margins declined in the quarter compared with the very strong results in last year's second quarter, reflecting business and product mix changes in the current quarter. Operating income and margin comparisons for the second half of the

year are expected to improve substantially.

Operating income, which includes a \$7.5 million gain from the H.I.S(R) sale, rose 16% in the quarter. Including this gain, operating margins rose to 11.1% from 10.8%.

During the quarter we concluded the share repurchase that utilized the proceeds from the sale of our Intimates business. We repurchased 2.1 million shares in the second quarter, bringing the total number of shares repurchased this year to 4.1 million.

Our balance sheet continues to be in excellent shape. Our debt to total capital ratio remains low, providing us with the flexibility to continue to pursue acquisitions to further build our portfolio with higher growth lifestyle brands and enhance shareholder value. Debt as a percent of total capital was 20% at June 2007, compared with 25% at June 2006.

A key growth strategy for VF is to expand our direct-to-consumer business primarily through retail store expansion. We continue to grow our retail store base, ending the quarter with 544 owned retail stores, up from 533 at the end of the first quarter. Our retail revenues grew 22% in the quarter, with strong growth in our Vans(R), Nautica(R) and The North Face(R) brand stores.

#### Outlook

We continue to expect a fifth consecutive year of record results, with healthy organic growth. We are taking a cautious outlook regarding retail and consumer trends for the second half of the year by maintaining our guidance for a 12% increase in both revenues and EPS. We're looking forward to a record third quarter, with revenues expected to rise approximately 12%, while earnings per share from continuing operations should increase 10%. Operating margins should be strong and stable in the quarter, while the tax rate will be slightly higher, reflecting credits recorded in the prior year period. We also continue to expect a very strong year of cash flow from operations of approximately \$625 million.

#### Dividend Declared

The Board of Directors declared a cash dividend of \$.55 per share, payable on September 20, 2007 to shareholders of record as of the close of business on September 10, 2007.

#### Cautionary Statement on Forward-looking Statements

Certain statements included in this release are "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting VF and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Potential risks and uncertainties that could cause the actual results of operations or financial condition of VF to differ materially from those expressed or implied by forward-looking statements in this release include VF's reliance on a small number of large customers; the financial strength of VF's customers; changing fashion trends and consumer demand; increasing pressure on margins; VF's ability to implement its growth strategy; VF's ability to successfully integrate and grow acquisitions; VF's ability to maintain information technology

systems; stability of VF's manufacturing facilities and foreign suppliers; continued use by VF's suppliers of ethical business practices; VF's ability to accurately forecast demand for products; continuity of members of VF's management; VF's ability to protect trademarks and other intellectual property rights; maintenance by VF's licensees and distributors of the value of VF's brands; the overall level of consumer spending; general economic conditions and other factors affecting consumer confidence; fluctuations in the price, availability and quality of raw materials and contracted products; foreign currency fluctuations; and legal, regulatory, political and economic risks in international markets. More information on potential factors that could affect VF's financial results is included from time to time in VF's public reports filed with the Securities and Exchange Commission, including VF's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

## About the Company

VF Corporation is a leader in branded lifestyle apparel including jeanswear, outdoor products, image apparel and sportswear. Its principal brands include Wrangler(R), Lee(R), Riders(R), Rustler(R), The North Face(R), Vans(R), Reef(R), Napapijri(R), Kipling(R), Nautica(R), John Varvatos(R), JanSport(R), Eastpak(R), Eagle Creek(R), Red Kap(R) and Majestic(R).

VF Corporation's press releases, annual report and other information can be accessed through the Company's home page, [www.vfc.com](http://www.vfc.com).

## Webcast Information

VF will hold its first quarter conference call and webcast today at 8:30 a.m. ET. Interested parties should call 1-800-811-8824 domestic, or 1-913-981-4903 international, to access the call. You may also access this call via the Internet at [www.vfc.com](http://www.vfc.com). A replay will be available through Aug. 2, 2007, and can be accessed by dialing 1-888-203-1112 domestic, and 1-719-457-0820 international. The pass code is 1156764. A replay also can be accessed at the Company's web site at [www.vfc.com](http://www.vfc.com).

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

	Three Months Ended June		Six Months Ended June	
	2007	2006	2007	2006
Net Sales	\$1,500,431	\$1,332,892	\$3,154,039	\$2,769,598
Royalty Income	16,962	18,421	36,973	37,337
Total Revenues	1,517,393	1,351,313	3,191,012	2,806,935

Costs and Operating  
Expenses

Cost of goods sold	865,727	765,554	1,811,610	1,590,154
Marketing, administrative and general expenses	483,204	439,970	995,615	883,679
	<u>1,348,931</u>	<u>1,205,524</u>	<u>2,807,225</u>	<u>2,473,833</u>
Operating Income	168,462	145,789	383,787	333,102
Other Income (Expense)				
Interest income	2,848	1,292	5,292	2,710
Interest expense	(13,101)	(13,856)	(27,024)	(26,535)
Miscellaneous, net	1,483	542	1,749	1,371
	<u>(8,770)</u>	<u>(12,022)</u>	<u>(19,983)</u>	<u>(22,454)</u>
Income from Continuing Operations Before Income Taxes	159,692	133,767	363,804	310,648
Income Taxes	53,887	44,208	123,921	102,947
	<u>105,805</u>	<u>89,559</u>	<u>239,883</u>	<u>207,701</u>
Income from Continuing Operations	105,805	89,559	239,883	207,701
Discontinued Operations				
Income from operations	171	9,473	4,437	19,516
Loss on disposal	(24,314)	-	(24,314)	-
	<u>(24,143)</u>	<u>9,473</u>	<u>(19,877)</u>	<u>19,516</u>
Net Income	<u>\$ 81,662</u>	<u>\$ 99,032</u>	<u>\$ 220,006</u>	<u>\$ 227,217</u>

Earnings Per Common Share - Basic				
Income from continuing operations	\$ 0.96	\$ 0.81	\$ 2.16	\$ 1.88
Discontinued operations - income from operations	0.00	0.09	0.04	0.18
Discontinued operations - loss on disposal	(0.22)	-	(0.22)	-
Net income	0.74	0.90	1.98	2.06

Earnings Per Common Share - Diluted				
Income from continuing operations	\$ 0.93	\$ 0.80	\$ 2.10	\$ 1.85
Discontinued operations - income from operations	0.00	0.08	0.04	0.17
Discontinued operations - loss on disposal	(0.21)	-	(0.21)	-
Net income	0.72	0.88	1.93	2.02

Weighted Average Shares

Outstanding

Basic	110,504	109,854	111,199	109,867
Diluted	113,473	112,539	114,146	112,440

Cash Dividends Per

Common Share	\$ 0.55	\$ 0.55	\$ 1.10	\$ 0.84
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NOTE: VF operates and reports using a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. Similarly, the fiscal second quarter ends on the Saturday closest to June 30. For presentation purposes herein, all references to periods ended June 2007, December 2006 and June 2006 relate to the fiscal periods ended as of June 30, 2007, December 30, 2006 and July 1, 2006, respectively.

VF CORPORATION  
Consolidated Balance Sheets  
(In thousands)

	June 2007	December 2006	June 2006
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<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and equivalents	\$ 177,849	\$ 343,224	\$ 161,672
Accounts receivable, net	924,455	809,594	768,773
Inventories	1,217,721	958,262	1,044,444
Other current assets	198,851	205,004	244,789
Current assets of discontinued operations	17,871	261,926	314,436
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Total current assets	2,536,747	2,578,010	2,534,114
Property, Plant and Equipment	1,466,736	1,455,154	1,408,471
Less accumulated depreciation	871,850	862,096	849,394
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	594,886	593,058	559,077
Intangible Assets	854,381	755,693	747,839
Goodwill	1,048,348	1,030,925	990,958
Other Assets	378,660	348,862	387,746
Noncurrent Assets of Discontinued Operations	-	159,145	186,835
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	\$5,413,022	\$5,465,693	\$5,406,569
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LIABILITIES AND SHAREHOLDERS'  
EQUITY

Current Liabilities			
Short-term borrowings	\$ 107,586	\$ 88,467	\$ 229,145
Current portion of long-term debt	97,435	68,876	36,164
Accounts payable	424,229	385,700	413,187
Accrued liabilities	438,075	392,815	419,429
Current liabilities of discontinued operations	675	78,990	82,129
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Total current liabilities	1,068,000	1,014,848	1,180,054
Long-term Debt	602,229	635,359	693,359
Other Liabilities	565,613	536,728	587,080
Noncurrent Liabilities of Discontinued Operations	-	13,586	24,669
Commitments and Contingencies			
Common Stockholders' Equity			
Common Stock	109,717	112,185	110,640
Additional paid-in capital	1,585,105	1,469,764	1,368,082
Accumulated other comprehensive income (loss)	(58,336)	(123,652)	(180,782)
Retained earnings	1,540,694	1,806,875	1,623,467
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Total common stockholders' equity	3,177,180	3,265,172	2,921,407
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	\$5,413,022	\$5,465,693	\$5,406,569
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VF CORPORATION  
Consolidated Statements of Cash Flows  
(In thousands)

	Six Months Ended June	
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	2007	2006
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Operating Activities		
Net income	\$ 220,006	\$ 227,217
Adjustments to reconcile net income to cash used by operating activities of continuing operations:		
Loss/(income) from discontinued operations	19,877	(19,516)
Depreciation	46,350	43,177
Amortization of intangible assets	10,281	8,386

Other amortization	13,321	11,199
Stock-based compensation	34,227	27,204
Pension funding under/(over) expense	4,993	(52,442)
Other, net	(33,801)	(9,552)
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	(68,705)	(89,138)
Inventories	(197,058)	(136,159)
Accounts payable	28,687	16,490
Accrued compensation	(28,284)	(51,038)
Accrued income taxes	6,624	(26,035)
Accrued liabilities and other	36,096	31,306
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Cash provided/(used) by operating activities of continuing operations	92,614	(18,901)
(Loss)/income from discontinued operations	(19,877)	19,516
Adjustments to reconcile (loss)/income from discontinued operations to cash used by discontinued operations:		
Loss on disposal of discontinued operations	24,314	-
Other, net	(15,601)	(20,643)
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Cash used by discontinued operations	(11,164)	(1,127)
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Cash provided/(used) by operating activities	81,450	(20,028)
 Investing Activities		
Capital expenditures	(50,385)	(55,018)
Business acquisitions, net of cash acquired	(178,639)	(3,893)
Proceeds from sale of Intimate Apparel business	348,714	-
Software purchases	(777)	(7,196)
Other, net	3,676	9,204
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Cash provided/(used) by investing activities of continuing operations	122,589	(56,903)
Discontinued operations, net	(243)	2,875
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Cash provided/(used) by investing activities	122,346	(54,028)
 Financing Activities		
Increase in short-term borrowings	18,565	88,175
Payments on long-term debt	(8,531)	(1,444)
Purchase of Common Stock	(350,000)	(118,582)
Cash dividends paid	(122,359)	(93,607)
Proceeds from issuance of Common Stock, net	75,519	53,542
Tax benefits of stock option exercises	14,667	7,824
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Cash used by financing activities	(372,139)	(64,092)
Effect of Foreign Currency Rate Changes on Cash	2,968	3,263
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Net Change in Cash and Equivalents	(165,375)	(134,885)
Cash and Equivalents - Beginning of Year	343,224	296,557
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Cash and Equivalents - End of Period	\$ 177,849	\$ 161,672



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VF CORPORATION  
Supplemental Financial Information  
Business Segment Information  
(In thousands)

	Three Months Ended June		Six Months Ended June	
	2007	2006	2007	2006
Coalition Revenues				
Jeanswear	\$ 655,402	\$ 638,170	\$1,416,206	\$1,341,990
Outdoor	446,745	371,047	985,498	756,692
Imagewear	229,885	188,496	443,576	382,461
Sportswear	153,651	141,210	302,091	304,231
Other	31,710	12,390	43,641	21,561
Total coalition revenues	\$1,517,393	\$1,351,313	\$3,191,012	\$2,806,935
Coalition Profit				
Jeanswear	\$ 101,437	\$ 88,850	\$ 230,890	\$ 211,873
Outdoor	52,962	42,355	136,707	92,947
Imagewear	26,052	29,107	56,506	59,158
Sportswear	18,834	17,885	28,808	38,338
Other	3,670	283	2,458	(927)
Total coalition profit	202,955	178,480	455,369	401,389
Corporate and Other Expenses	(33,010)	(32,149)	(69,833)	(66,916)
Interest, net	(10,253)	(12,564)	(21,732)	(23,825)
Income from Continuing Operations Before Income Taxes	\$ 159,692	\$ 133,767	\$ 363,804	\$ 310,648

Source: VF Corporation