What's on your mind?

VF Corporation 2005 Annual Report

2005 Financial Highlights

Dollars in thousands, except per share amounts	2005	2004	2003
Summary of Operations			
Total revenues	$ 6,502,377	$ 6,124,588	$ 5,245,404
Operating income	828,177	777,788	644,889
Operating margin	12.7%	12.7%	12.3%
Income before cumulative effect of a change in accounting policy	$ 518,535	$ 474,702	$ 397,933
Cumulative effect of a change in accounting policy*	(11,833)	—	—
Net income*	506,702	474,702	397,933
Return on invested capital	15.2%	15.8%	16.6%
Financial Position			
Working capital	$ 1,213,233	$ 1,006,354	$ 1,419,281
Current ratio	2.1 to 1	1.7 to 1	2.8 to 1
Cash flow from operations	$ 561,346	$ 723,991	$ 539,672
Debt to capital ratio	22.6%	28.5%	33.7%
Common stockholders' equity	$ 2,808,213	$ 2,513,241	$ 1,951,307
Per Common Share			
Income before cumulative effect of a change in accounting policy—diluted	$ 4.54	$ 4.21	$ 3.61
Net income—diluted*	4.44	4.21	3.61
Dividends	1.10	1.05	1.01
Book value	25.50	22.56	18.04

*Net income and the related per share amount for 2005 include the cumulative effect of a change in accounting policy for stock-based compensation in 2005. See details in the accompanying consolidated financial statements.

VF Corporation posted record sales and earnings in 2005

and is strongly positioned for another outstanding year in 2006.

What's behind this success?

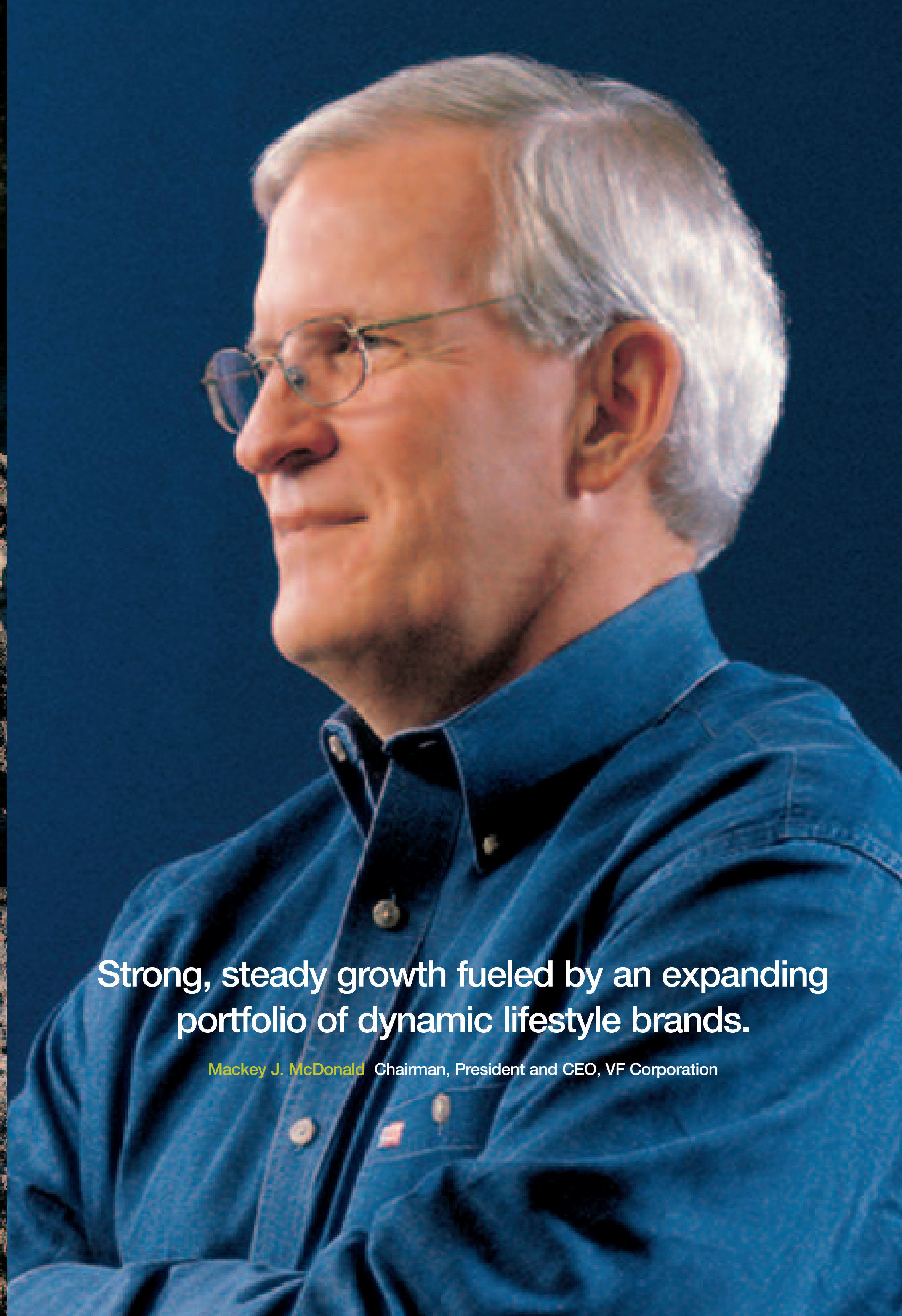
What challenges remain to be addressed?

You have real questions.

We have honest answers.

What's your vision for VF?

Damien Huang Product Director, The North Face



Strong, steady growth fueled by an expanding portfolio of dynamic lifestyle brands.

Mackey J. McDonald Chairman, President and CEO, VF Corporation

Our flagship Wrangler Hero® brand continues to fuel our mass market jeanswear business in the U.S.

03 04 05

VF achieved record revenues and earnings for the third consecutive year.

Surf's up! In April 2005, we acquired the Reef® brand, an authentic surf lifestyle brand, which has an exceptionally loyal customer base.

To Our Shareholders

The transformation of VF is well underway, as evidenced by our strong performance in 2005. Clearly, we have put in place a platform for solid, sustainable growth in both revenues and profits.

What were the financial highlights of 2005?

We achieved record revenues and earnings for the third year in a row. Total revenues rose 6% to $6,502 million, while earnings per share increased 5% to $4.44. Earnings in 2005 were reduced by $.25 per share due to a required change in accounting to recognize stock option expense, including a cumulative effect adjustment taken in the first quarter. Earnings per share before the accounting change were $4.69, an increase of 11% over the comparable 2004 number. We paid out 24% of our earnings in dividends and increased the dividends paid to shareholders for the thirty-third consecutive year. Cash flow from operations was $561 million in 2005, and we ended the year with our balance sheet in excellent shape, with nearly $300 million in cash and a debt to total capital ratio of 22.6%.

What drove results in 2005?

Our Outdoor, Sportswear and Imagewear coalitions each achieved higher revenues in 2005. Performance in our Outdoor coalition was especially strong, with revenues up 44% versus last year, helped by a full year of sales from our 2004 acquisitions—the *Vans*®, *Kipling*® and *Napapijri*® brands—and the April 2005 acquisition of the *Reef*® brand. Revenues in our Sportswear and Imagewear coalitions both rose 5% in 2005, while revenues in our Jeanswear coalition were about even with prior year levels. We were pleased with the performance in our Mass, Specialty and International jeanswear businesses, but we continued to face challenges with our *Lee*® brand in the U.S. Our Intimates coalition had a difficult year, with a 6% decline in revenues due in part to the absence of a large private label program, which had boosted results the prior year.

How are your newer brands—*Vans*®, *Kipling*®, *Napapijri*® and *Reef*®—doing?

We're pleased with their performance and excited about their opportunities for continued strong growth. Most of these brands are surpassing our expectations in both revenues and profits. The integrations are largely completed and we're working on new growth platforms for all the brands. We had some supply chain issues in our *Napapijri*® brand, which impacted its profitability in 2005, but we're now getting back on track.

What are your top line growth targets and how will you achieve them?

We target 6% to 8% revenue growth. Organic growth will likely account for about half of that, with the rest coming from acquisitions. We expect our Outdoor and Sportswear coalitions to generate high single-digit to low double-digit revenue growth, with flat to low single-digit growth anticipated from our Jeanswear, Intimates and Imagewear coalitions.

What kinds of acquisitions are you looking for?

We're interested in brands with global growth potential. We're looking most actively for brands to add to our Sportswear and Outdoor coalitions but will consider new brands for our other coalitions as well. We want brands that connect strongly with consumers, such as lifestyle brands that extend across multiple product categories and which either already have or have the potential for freestanding retail stores. We're looking to gain access to new consumer segments and add capabilities in new product categories and geographic markets. Acquisitions must also meet our financial criteria. They should be able to sustain revenue growth at a high single-digit rate for several years, deliver a return on capital of 17% and achieve an operating margin of 14%.

How will your mix of business shift in the coming years?

We expect a substantial change in our business mix. Currently, only about 30% of our revenues come from our lifestyle coalitions—Outdoor and Sportswear—but as these businesses continue to grow over the next several years, we expect them to account for about 60%

of our revenues. At the same time, our heritage businesses—Jeanswear, Intimates and Imagewear—will continue to be important contributors to VF, generating solid cash flow and profits.

How is the *Nautica*® brand turnaround progressing?

The *Nautica*® brand team has done a tremendous job. The new brand positioning under the *Navigate Life*™ campaign is strong, highly visible and connecting very well with consumers. Sales are growing and profitability is up substantially. Now we're focusing on two launches—women's sportswear and Europe—each of which offers the potential for substantial growth in the years ahead.

What opportunities are you pursuing internationally?

We have many opportunities for international growth. In addition to the expansion of our *Nautica*® brand, examples include growth for our *Wrangler*® and *Lee*® brands in Russia, Eastern Europe, Latin America and Asia, and continued development of our *Vans*®, *Kipling*® and *Napapijri*® brands throughout Europe and Asia. India is a large and fast-growing market where we're exploring a variety of options for reaching consumers with our brands. We're also interested in acquiring international brands with the potential for growth in the U.S.

What role do owned retail stores play in your strategy?

Retail stores are an important component of growth for most of our lifestyle brands. They allow us to better communicate our brands' positioning and full range of products directly to consumers. We expect sales from our branded retail stores to increase significantly in the coming years. Currently we have 525 stores accounting for 12% of our total revenues. Of those, 60% are full-price stores and the rest are outlet stores. In five years or so, we could have more than 900 stores accounting for 15% to 20% of total revenues, excluding any additional acquisitions. Our *Nautica*®, *Vans*®, *Kipling*®, *Napapijri*®, *The North Face*®, *Lee*®, *Wrangler*® and *John Varvatos*® brands all have the opportunity to expand their base of retail stores.

The North Face® brand will continue to add owned retail stores in 2006.

Revenues in 2006 are expected to rise 4% to 5%.

The Nautica® brand's new positioning under the Navigate Life™ campaign is strong, highly visible and connecting very well with consumers.

What are your cash flow priorities?

Acquisitions are a priority, as we believe our ability to identify, successfully integrate and grow new brands and businesses will continue to contribute positively to shareholder value. At the same time we believe it is important to consistently return cash to shareholders and are committed to doing so through the right combination of dividends and share repurchases.

Where do you stand on achieving your goal of $100 million in cost savings?

We're making steady progress, but much of the savings will come in the next three to five years due to the size and complexity of the programs we're working on. Active programs are in place to reduce costs in such areas as distribution, inventory management, procurement, information systems and technology.

What's the outlook for 2006—and beyond?

We're looking forward to another record year. We expect to increase revenues by 4% to 5%, excluding any additional acquisitions. Most of that growth will come from our Outdoor and Sportswear businesses. We also anticipate earnings per share growth of approximately 6%. And we'll continue to search for new brands to add to our portfolio. We will manage our portfolio of businesses actively, to ensure all contribute positively to shareholder value. We will take our brand and marketing skills to new levels, as we add new tools and processes to maximize our brands' potential. And we will reach consumers more directly by aggressively adding retail stores for our strongest lifestyle brands.

Mackey J. McDonald
Chairman, President and CEO
VF Corporation

VF Corporation

Percent of 2005 revenues by coalition*

Jeanswear	Wrangler, Wrangler Hero, Lee, Riders, Rustler, Timber Creek by Wrangler, Wrangler Rugged Wear, Riggs Workwear by Wrangler, Wrangler 47, Aura from the Women at Wrangler, 20X, Chic, Gitano, Brittania, Hero by Wrangler, H.I.S, Maverick, Old Axe	42%
Outdoor	The North Face, JanSport, Eastpak, Vans, Reef, Napapijri, Kipling	22%
Intimates	Vanity Fair, Lily of France, Vassarette, Bestform, Curvation, Lou, Bolero, Gemma, Intima Cherry, Belcor, Variance, Majestic	13%
Imagewear	Lee Sport, CSA, Red Kap, Bulwark, The Force, Chef Designs, Wrangler Hero, Lee, VF Imagewear, E. Magrath	12%
Sportswear	Nautica, John Varvatos, Kipling (U.S.)	10%

*Other: 1%

	Today (Percent of revenues)	Future (Percent of revenues)
Lifestyle Coalitions (Outdoor, Sportswear)	30%	60%
Heritage Coalitions (Jeanswear, Intimates, Imagewear)	70%	40%

Transforming Our Business Mix

Our heritage coalitions are comprised of many brands that are leaders in their categories. They are strong, stable businesses that provide VF with healthy cash flow and profits.

Our lifestyle coalitions, which include a number of brands acquired over the past several years, have very strong potential for growth. These brands speak to our consumers' aspirations, activities and lifestyles.

What are you doing to restore growth to your North American jeans business?

Trisha Hegg Designer, Reef

Growth will come from leveraging the strength of our flagship brands with innovative products in new categories and markets.

Angelo LaGrega President, Jeanswear–Americas

Our Latin American business continues to grow, with a steady expansion of owned and franchised retail stores.

Lee® brand market research showed that women strongly prefer the look and fit of our new lines.

Our relationship with one of NASCAR's most popular drivers, Dale Earnhardt, Jr., is driving increased revenues of our Wrangler Jeans Co.™ line.

Jeanswear

Americas

What were the highlights of 2005?

Despite intense competition, we saw growth across most of our businesses, including Mass Market, Specialty, Latin America, Mexico and Canada. One of our newest lines, *Wrangler Jeans Co.*™, continued its success in 2005, benefiting from a marketing partnership with popular NASCAR driver Dale Earnhardt, Jr. We also extended the *Wrangler*® brand into a new product category by successfully launching a line of knit and woven shirts with our largest mass market customer. Another successful brand extension was accomplished with our *Riders*® brand through the *Riders*® *Coppercollection*™ line, which is targeted to younger female consumers. Our *Riggs Workwear by Wrangler*™ line, launched two years ago, posted steady growth by meeting the needs of hard-working men with exceptionally durable, practical products. Additional expansion resulted from our *Aura from the Women at Wrangler*™ line, a Western-inspired offering for women designed to complement our powerful *Wrangler*® brand men's business in Western specialty shops.

Why did *Lee*® brand sales decline?

Market conditions in mid-tier department stores where the *Lee*® brand is primarily sold were soft in 2005. In addition, the brand lost floor space and programs due to consolidation among key retail customers. Our *Lee*® brand men's business stalled, despite its previous strong growth track since the launch of the *Lee*® Dungarees program in 1998. And while we recently strengthened our women's product line with the launch of our *One True Fit*® and *Ultimate 5*™ programs, we didn't provide the right level of marketing support to drive consumer awareness and purchase.

What are you doing to reinvigorate *Lee*® brand sales?

Lee® is one of the world's great authentic jeans brands, and we are enthusiastic about the brand's prospects and our efforts to renew its growth. We began last year with a comprehensive audit of the *Lee*® brand and its consumer targets. An extensive study confirmed that women strongly preferred the look and fit of our new lines to those of many of our key competitors. Armed with this data, we launched an extensive print and in-store marketing campaign during the second half of 2005, which highlighted the range of flattering, comfortable styles the *Lee*® brand offers. Toward the end of 2005, we named a new advertising agency to develop strong new positioning for the *Lee*® brand in 2006.

What's driving growth in Latin America and Mexico?

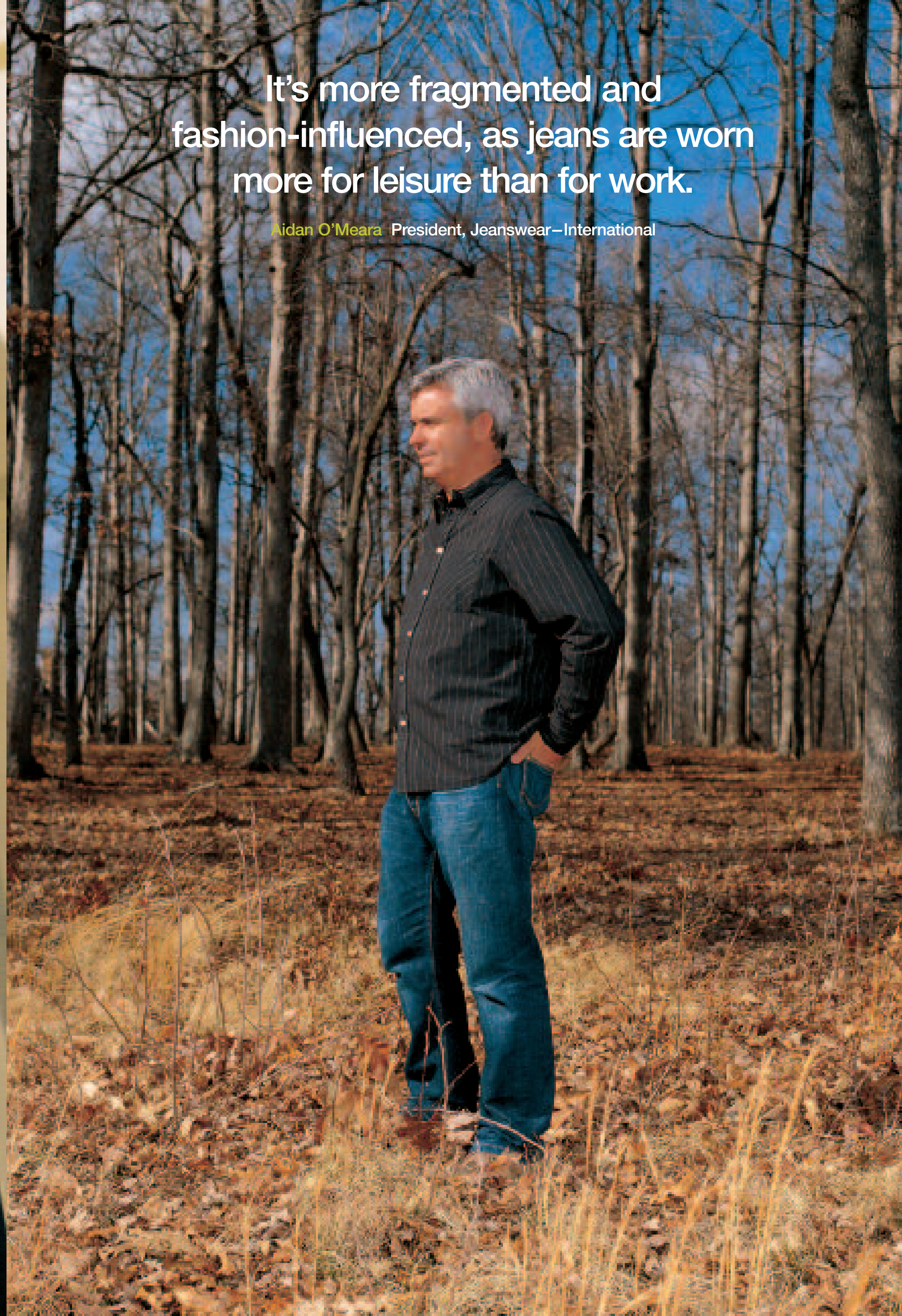
Growth is being driven primarily by new product launches in our core *Lee*® and *Wrangler*® brands and by the expansion of our owned retail stores. We're pleased by the initial response to the launch of our *Lee X-Line*™ products, targeted to younger and more fashionable consumers. We also will continue to build the *Wrangler*® brand as a powerful Western lifestyle brand in these markets. We're using owned and franchised retail stores across Latin America and Mexico to increase volume and to underscore our brands' strong equity. At year-end 2005, we had 31 owned and 22 franchised retail stores.

What are the priorities for 2006?

Getting the *Lee*® brand back on track for growth is a major focus Another is maintaining our strong position with mass market customers by continually providing updated fits and styles under our *Wrangler*® Five Star Denim, *Wrangler Jeans Co.*™, *Riders*®, *Rustler*® and *Timber Creek by Wrangler*® lines. We will also continue the momentum behind *Wrangler*® brand extensions into categories such as shirts and a licensed line of home furnishings. The strong heritage of our *Lee*® and *Wrangler*® brands is providing us opportunities in upscale specialty stores under the *Lee X-Line*™ and *Wrangler 47*™ lines. Finally, we intend to leverage more aggressively the *Wrangler*® brand's unique Western lifestyle and reach new consumers with additional products and line extensions.

How does the European jeanswear market compare to the U.S.?

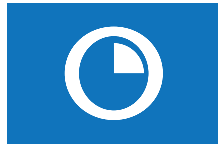
Nina Flood Senior Director, Marketing, Nautica



It's more fragmented and fashion-influenced, as jeans are worn more for leisure than for work.

Aidan O'Meara President, Jeanswear–International

Authentic, iconic jeans brands, like our Lee® and Wrangler® brands, resonate with consumers across Europe and Asia.



Germany is our biggest market, accounting for 25% of our total International Jeanswear coalition revenues.

We opened several new stores last year, including this Wrangler® brand store in Manchester, England.

Jeanswear

International

How did the business perform in 2005?

Sales rose slightly in 2005, owing to favorable currency exchange rates. Our flagship *Lee®* and *Wrangler®* brands maintained stable sales during the year, despite weak economic conditions across most of Western Europe. Our mass market business continued to grow under the *Hero by Wrangler®* brand, but our *H.I.S®* brand faced challenges due to soft market conditions in Germany, its primary market. We also achieved strong growth in emerging markets such as Eastern Europe, Russia and Asia.

What are the key industry trends?

The branded denim landscape remains highly fragmented with many niche players emerging and disappearing in turn. But authentic, iconic jeans brands—like *Lee®* and *Wrangler®*—are still very important across Europe and Asia. Product innovation drives the market, and styles and finishes are constantly changing. Many traditional retailers—such as department stores, catalogues and independent shops—are struggling in all major markets, while specialty players and some value-based retailers are doing better.

What are your biggest markets?

Germany is our biggest market, accounting for 25% of our total International Jeanswear coalition sales. However, the U.K., Italy, Scandinavia and France are also important areas for us.

Which regions show the greatest growth?

We see the strongest growth in emerging markets, including Eastern Europe and Russia, where sales are growing at double-digit rates. China is also a growth market for our *Lee®* and *Wrangler®* brands.

What are the main challenges you currently face?

Weak economic conditions confront us across Europe. Plus, as we've seen in the U.S. over the past several years, many of our customers continue to expand their private label programs. Fortunately, we have two of the strongest, most recognizable brands in the world—*Lee®* and *Wrangler®*—which consumers know and trust. We've taken aggressive action to improve our replenishment and in-season business with our key customers, leveraging our considerable inventory and brand management skills and drawing on new products and programs across all our brands.

What are you doing to further grow *Lee®* and *Wrangler®* brand sales?

We plan to build momentum from the success of our most recent product innovations, such as the *Lee X-Line™* and *Wrangler W Rivet™* programs. We are pleased with the initial strong response to our new *Lee®* brand marketing campaign, which soon kicks off in full. We are also releasing striking new visuals to extend the successful *Wrangler®* brand "WANTED" campaign. To bring more products to market more quickly and regularly, we have substantially strengthened our product development teams and processes. We've also reorganized our management team to provide stronger support to our emerging market businesses and our European licensing activities, both of which we expect to double within the next five years.

What are your plans for owned retail store expansion?

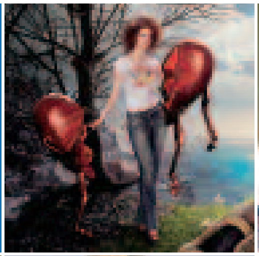
We'll continue to add new stores in 2006 and beyond for our flagship brands to showcase our full range of products in a brand-focused environment. Following the successful opening of our first *Lee®* brand store in London in 2004, we added a *Wrangler®* brand store in Manchester, England and a *Lee®* brand store in Milan, Italy. In 2006 we plan to open three *Wrangler®* brand and two *Lee®* brand stores in major cities such as Amsterdam and Paris, while also expanding our in-store programs with key retail partners, particularly in Eastern Europe.

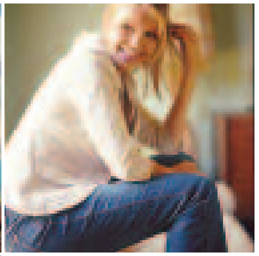
Looking ahead, what's your most exciting opportunity?

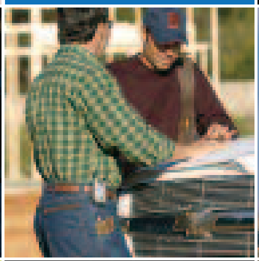
Without a doubt, China represents an outstanding prospect, due to the sheer size of the population and a growing middle-class consumer base that has an appetite for well-established, authentic brands. We've been in the Chinese market since we launched the *Lee®* brand there in 1993, and last year launched the *Wrangler®* brand there as well. Our established infrastructure and base of experience in China can be leveraged to support continued strong sales growth.

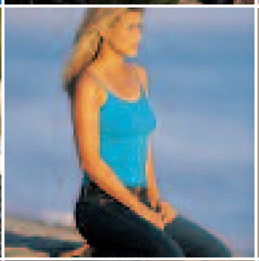
Jeanswear

Lee
Wrangler
Wrangler Hero
Riders
Rustler









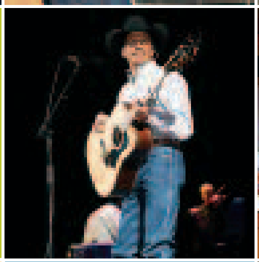
Timber Creek
by Wrangler

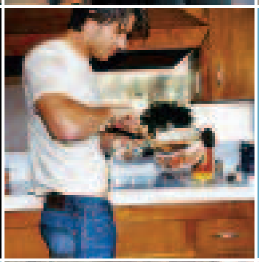
Wrangler
Rugged Wear

Riggs Workwear
by Wrangler

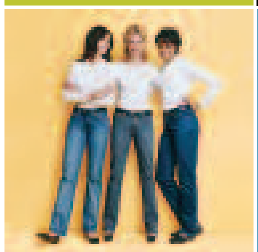
Wrangler 47

Aura from the
Women at Wrangler

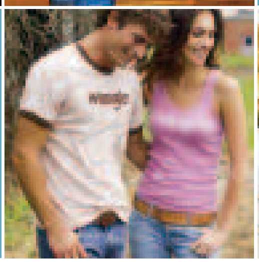


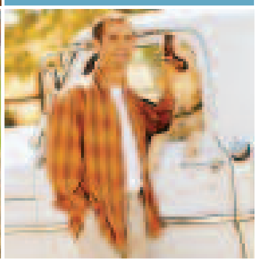


20X
Chic
Gitano
Brittania
UFO*

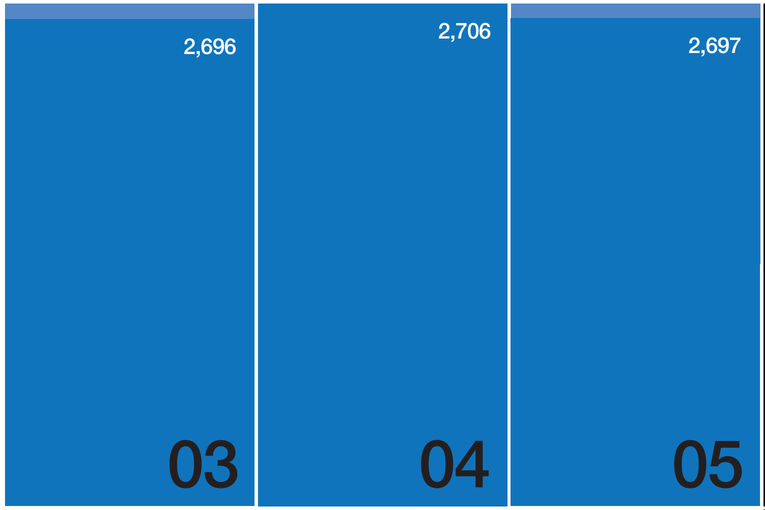


Hero by Wrangler
H.I.S
Maverick
Old Axe

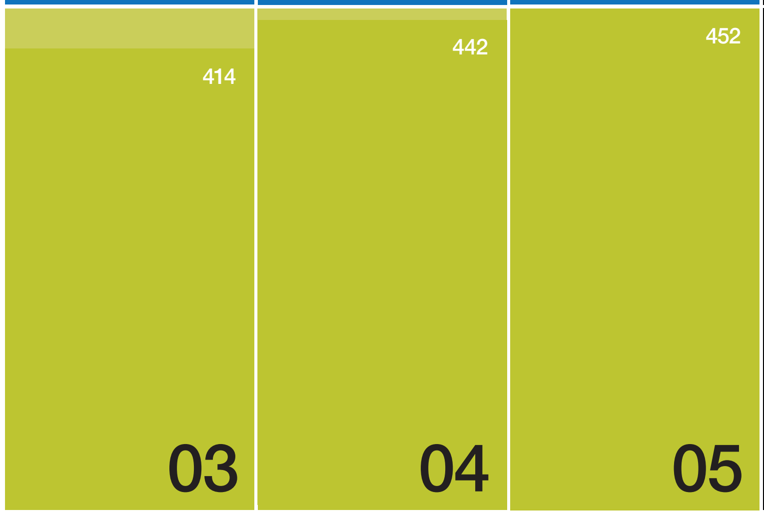




* licensed brand



3 Year Coalition Revenues
(Dollars in millions)



3 Year Coalition Profits
(Dollars in millions)

How is VF responding to consolidation among retailers?

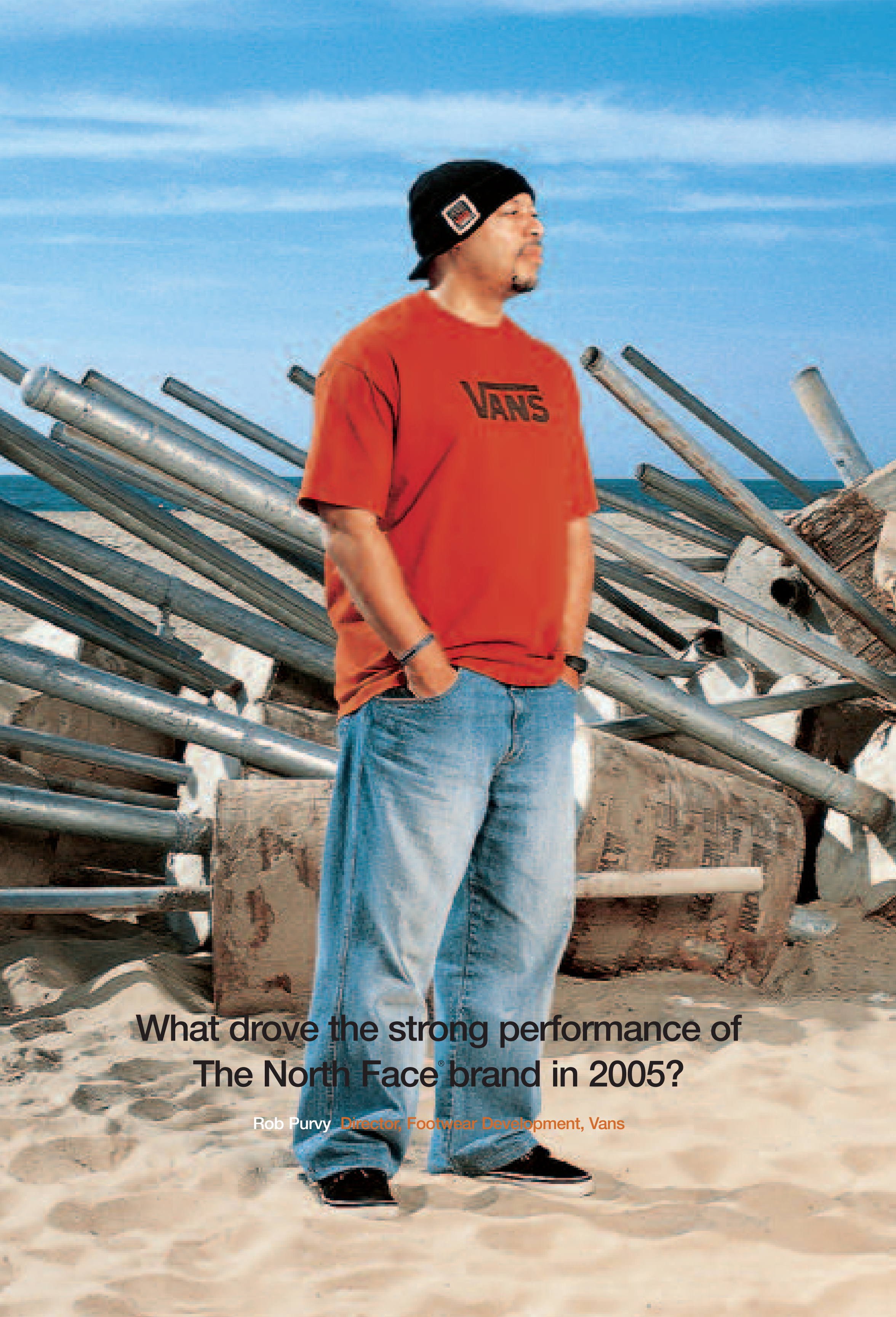
By having powerful "must have" brands and by investing in customer teams that are focused on our most important retail partners.

In 2005 we made an addition to our list of strategic "growth drivers": to expand our direct-to-consumer business.

We'll be growing our base of branded retail stores to showcase our strongest lifestyle brands and interact more directly with consumers.

Eric Wiseman
Executive Vice President, Global Brands

VF Growth Drivers
Build More Growing Lifestyle Brands focus: younger and more female
Expand our Share with Winning Customers focus: new cross-coalition customer team organization
Stretch our Brands & Customers to New Geographies focus: rapidly-expanding economies, including the Far East
Expand our Direct-to-Consumer Business focus: owned mono-brand retail stores and e:commerce
Fuel the Growth focus: leverage VF supply chain capabilities
Build New Growth Enablers focus: leadership development



What drove the strong performance of The North Face® brand in 2005?

Rob Purvy Director, Footwear Development, Vans

Our unrelenting focus on premier, authentic, technical and innovative products drove a revenue increase of more than 20% in 2005.

Mike Egeck President, Outdoor—Americas

The North Face® brand continues to be one of VF's most successful acquisitions, with revenues growing at a double-digit rate.

Revenues increased 47% in 2005, resulting from a combination of organic growth and acquisitions.

Our JanSport® brand is the number one daypack brand in the world.

Outdoor

Americas

What were the key accomplishments in 2005?

We posted a record year in both revenues and profits. Revenues rose 47% in 2005, drawing on strong growth across our core *The North Face®*, *Vans®* and *JanSport®* brands and our acquisition of the *Reef®* brand. The *Vans®* and *The North Face®* brands both had an outstanding year, with double-digit top line growth. Higher profits resulted from a significant improvement in the profitability of our *Vans®* brand, which we acquired in mid-2004.

Why did VF acquire the *Reef®* brand?

We wanted to expand our portfolio with a great surf brand. The *Reef®* brand is an authentic lifestyle brand with a 20-year heritage in the surf industry, and it gives us a strong portal into a very attractive market. The *Reef®* brand projects a unique and distinctively exotic brand position—a mix of surf and sensuality—expressed through innovative products that have earned a very loyal consumer base and leading market position. We also see a strong opportunity for future growth, particularly with the launch of *Reef®* brand apparel and further expansion into Europe.

How will you sustain future growth for *The North Face®* brand?

We have several initiatives underway that continue the successful formula behind our outerwear and equipment business, while fueling growth in newer categories such as footwear and sportswear. As always, the focus is to provide consumers and retailers the most technical and innovative products in the market. Our footwear business is growing at a double-digit rate, with the potential to account for a third of total *The North Face®* brand sales in the future. To support this growth, we've doubled our research, design and development staff, added category-specific sales people and launched new footwear-oriented marketing and advertising programs. We're also selectively adding new retail stores, including store openings in Portland, Oregon and Tysons Corner, Virginia in 2005, and we plan to open three additional stores in 2006.

What will drive growth for the *Vans®* brand?

The *Vans®* Classic line was a huge driver of revenues in 2005, and we expect it to continue to fuel growth this year as well. Momentum is also increasing in our core skate shoe business. Expanding our base of owned retail stores is a significant opportunity, as we expect to add 15 new stores in 2006 and remodel over 30 existing stores. Our revamped store format is a big success, resulting in double-digit increases in comparable store sales. Although we're still in the early stages of launching *Vans®* brand sportswear and snow apparel, we have seen a very encouraging initial response to both. Our snow apparel line got off to a strong start, due partly to the expertise of our *The North Face®*, brand team, which is a great example of how we're leveraging our coalition's strengths.

How is the *JanSport®* brand performing?

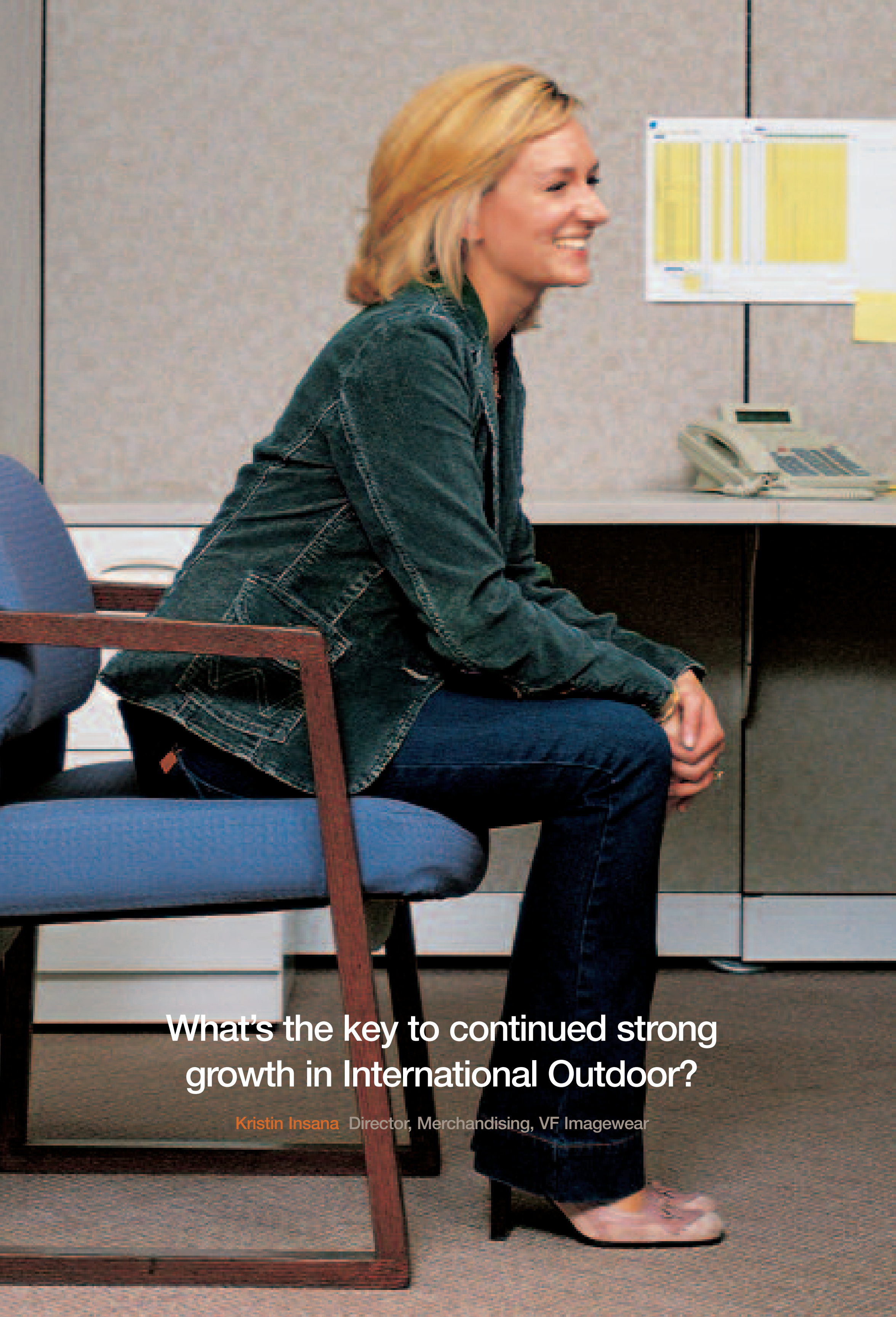
JanSport® brand revenues picked up in 2005, and we expect another good year in 2006. Its success will depend on our ability to continually reinvent the daypack category. We're doing this in two ways. First, we are leveraging the technology "halo" that our *LiveWire®* product series inspired, which incorporates *Bluetooth®* and *iPod®* compatible technology. Second, we're strengthening the fashion quotient of the brand-with more dynamic colors and styles.

What are your plans for launching the *Napapijri®* brand in the U.S.?

While currently a very small business in the U.S., the *Napapijri®* brand offers tremendous potential, based on its distinctive brand positioning and unique outdoor-inspired products. Three *Napapijri®* brand stores will open in 2006, in New York City, Miami and San Francisco. We're also expanding our wholesale business with upscale specialty stores.

What is your main focus for 2006?

To achieve another great year, we are focused on continuing the strong momentum in our brands' core businesses, executing our new growth initiatives and identifying and acquiring additional authentic outdoor brands to add to our portfolio.



What's the key to continued strong growth in International Outdoor?

Kristin Insana Director, Merchandising, VF Imagewear

Great brands that connect with our consumers' lifestyles.

Karl Heinz Salzburger President, Outdoor–International

Our Kipling® brand offers a broad range of fun, colorful and fashionable bags.

International Outdoor revenues increased more than 35% in 2005.

The Napapijri® brand's fastest growing product category is women's sportswear, which was up nearly 60% in 2005.

Outdoor

International

What were the highlights of 2005?

International Outdoor had an outstanding year. Revenues were up more than 35% and profits rose as well. We continue to see strong momentum in *The North Face®*, *Vans®*, *Kipling®* and *Napapijri®* brands. During the year we completed the integrations of the *Kipling®*, *Napapijri®* and *Vans®* brands' international businesses, in most cases exceeding our acquisition plans. The continued expansion of our retail store base also helped to fuel our performance, as we opened a total of six owned retail stores for our brands. We established a new International Outdoor headquarters in Lugano, Switzerland, and successfully relocated the European businesses of our *Vans®*, *Napapijri®*, *Nautica®* and *Reef®* brands there.

How will you grow the *Kipling®* and *Napapijri®* brands?

Because retail stores are a primary growth vehicle for our *Kipling®* brand of women's casual bags, we plan to open five new stores in 2006 from the current base of 13. We also plan to add over 25 additional partnership stores to the current base of 114. To build our wholesale business in key markets such as the U.K., France, Germany and Spain, we are adding new fixtures and shop-in-shop programs. Asia, Japan and Korea are growth markets, and we will establish operations in Hong Kong in 2006.

For *Napapijri®*, our premium outdoor sportswear brand, we'll focus on growth outside its core market of Italy. Growth will be driven in both specialty retail stores and through *Napapijri®* brand retail stores. New stores are slated for St. Tropez, New York City and Miami in 2006. We'll also use partnership stores as a means of expansion, with six new locations planned for 2006, including Tokyo, off a current base of 17. Women's sportswear is the *Napapijri®* brand's fastest growing product category—up nearly 60% in 2005—and we'll continue to invest in growing this business. Growth was hampered during 2005 due to supply chain difficulties, but these have largely been resolved.

What are your international retail expansion plans for *The North Face®* brand?

The North Face® brand's strength gives us ample opportunities to add new retail stores worldwide. Our first store will open in Chamonix, France in the fall of 2006. We'll also be adding 10 partnership stores in 2006, bringing the total of such stores to 21. We established a new distributor in Australia and installed leadership to expand the brand in Russia. In addition, Eastern Europe continues to offer good potential for expansion.

How did the *Eastpak®* brand perform in 2005, and what's planned for 2006?

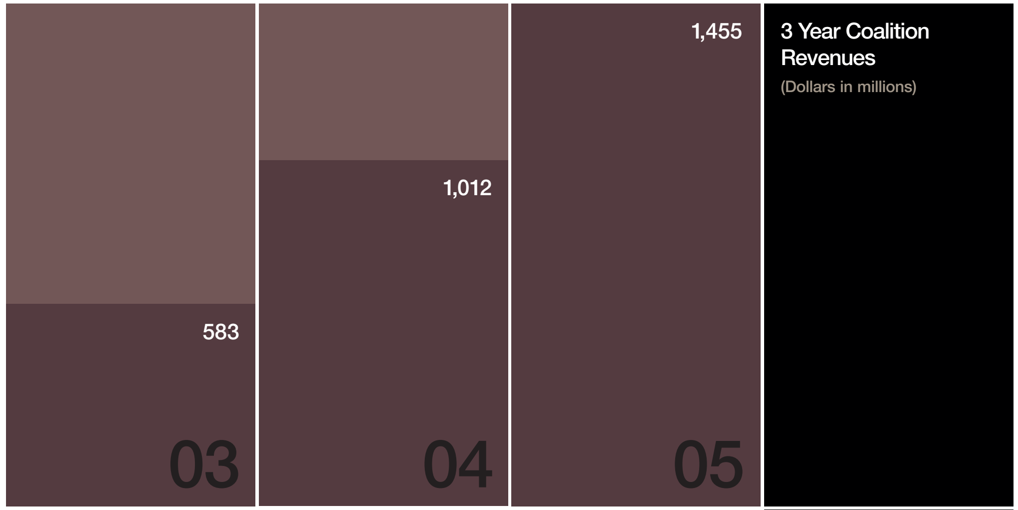
Performance was stable in 2005. Our *Eastpak®* brand continues to be the top daypack brand in Europe among young trendsetters. To bring the brand to the next level, we're launching a new shop-in-shop concept with key customers in 2006, adapting the innovative fixturing used in our *Eastpak®* brand store in Milan. We're exploring brand extensions such as apparel, which we launched on a test basis in 2005 and plan to expand this year. In Asia, we appointed a new distributor for Hong Kong, Japan and Korea.

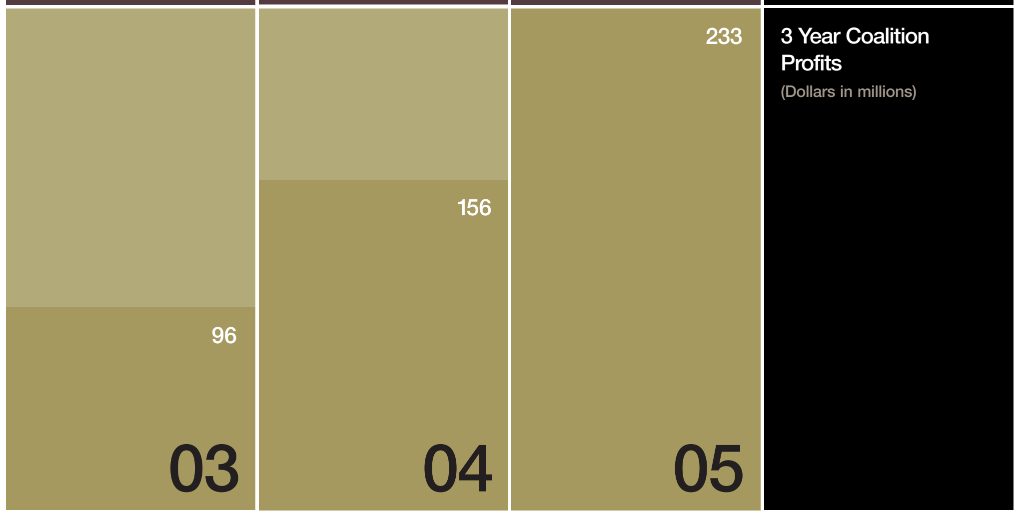
What are your plans for the *Vans®* brand in Europe?

We'll take advantage of the brand's momentum with the rollout of additional stores and expansion into new markets. We have a successful *Vans®* brand store in London, added a store in Paris in late 2005 and plan two additional stores in 2006. We'll also establish the brand in Italy by mid-2006. As in the U.S., we anticipate the launch of *Vans®* branded apparel in Europe will be an important contributor to future growth.

Outdoor


JanSport
Eastpak
The North Face
Reef
Vans
Napapijri
Kipling


3 Year Coalition Revenues
(Dollars in millions)
583
03
1,012
04
1,455
05


3 Year Coalition Profits
(Dollars in millions)
96
03
156
04
233
05

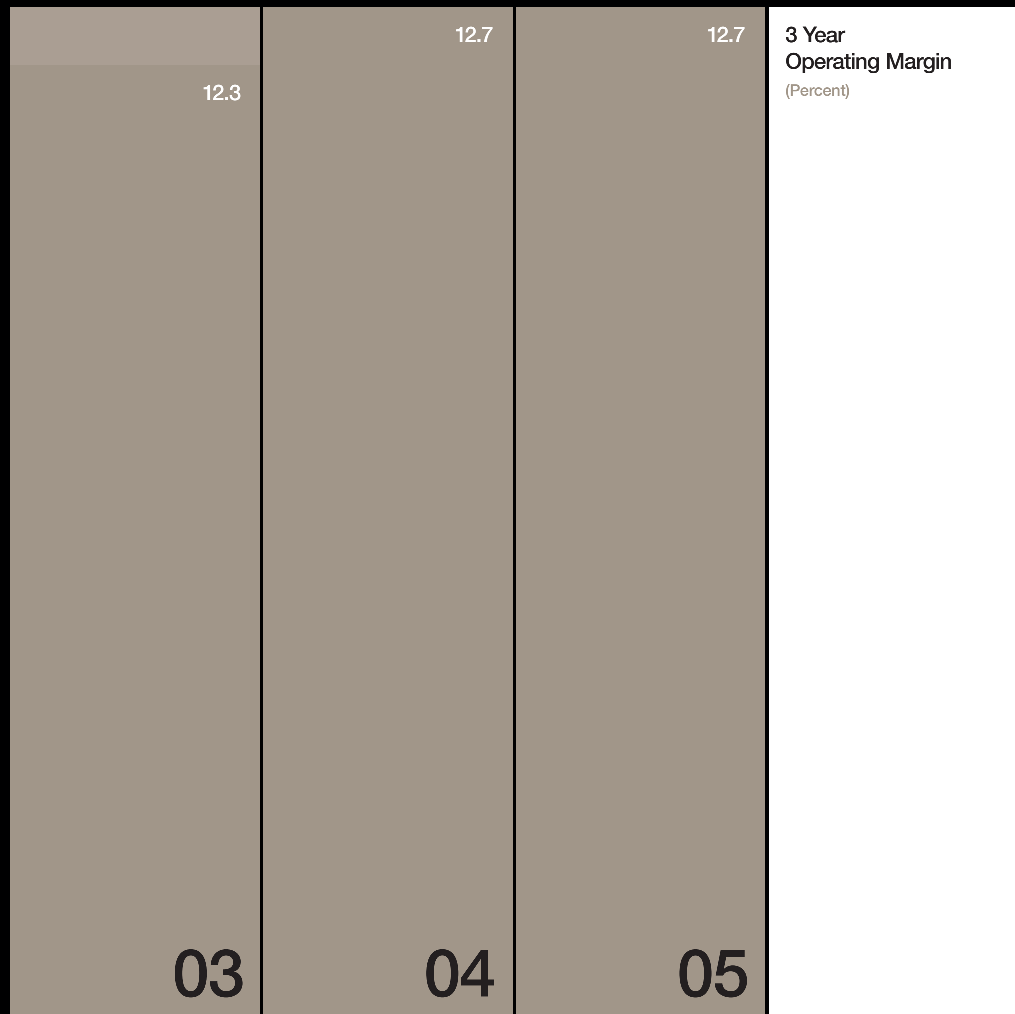


VF's global supply chain operation is contributing to our overall strategy by achieving cost savings that will help "fuel the growth." We're striving to create an unrivaled and sustainable competitive advantage by having the fastest and most flexible operations in the industry.

George Derhofer
Senior Vice President, Global Operations

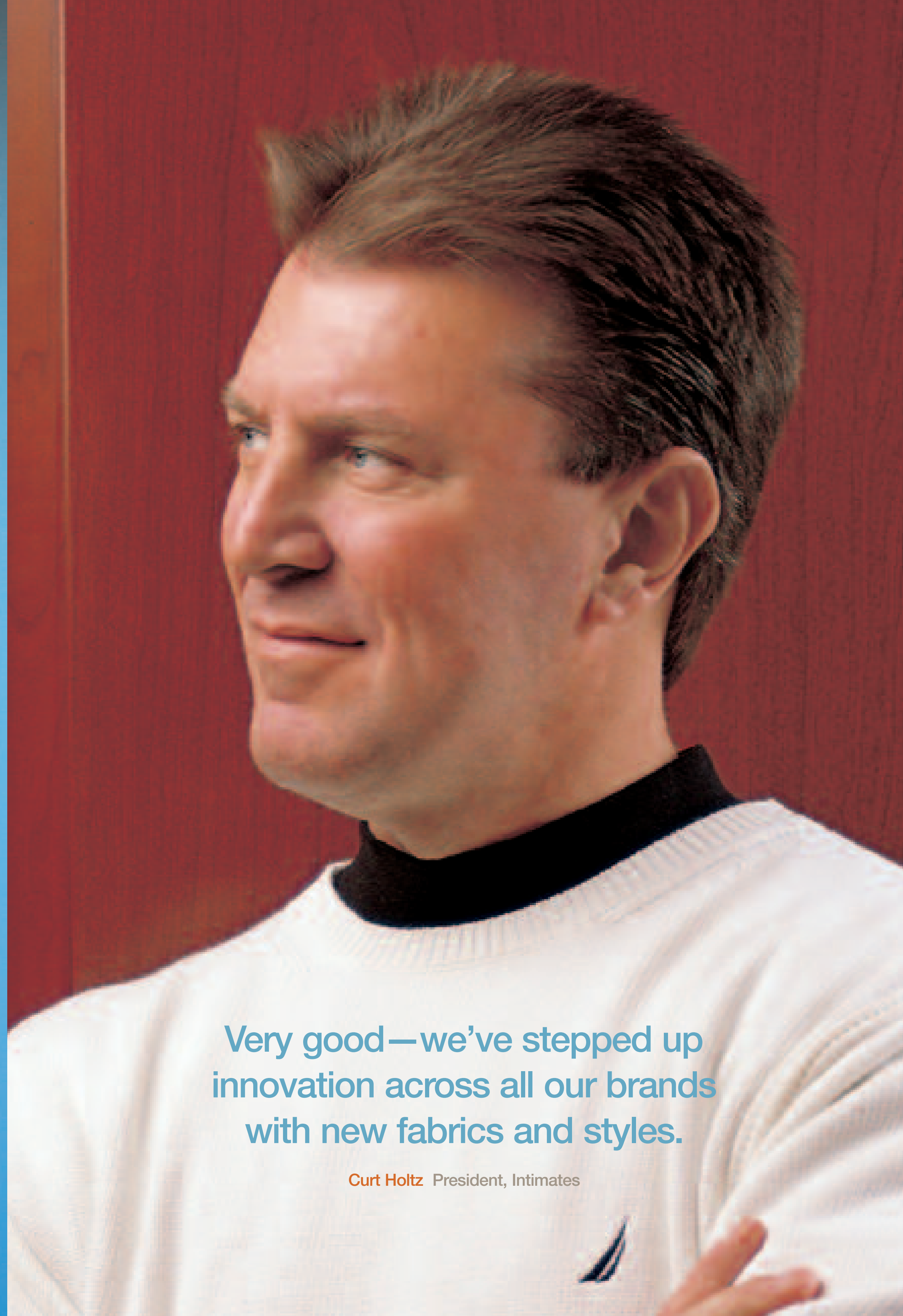
Why did VF restructure its supply chain organization in 2005?

To better leverage best practices across our coalitions in such areas as inventory management, distribution, procurement and technology systems.



What's the long-term outlook for VF's intimates business?

Carla Ugboro Manager, Employee Development, VF Jeanswear



Very good—we've stepped up innovation across all our brands with new fabrics and styles.

Curt Holtz President, Intimates

Intimates

How did the Intimates coalition perform in 2005?

It was a difficult year, with declines in both revenues and profits. We were up against a record year in 2004, driven largely by a big new product launch with one of our specialty store customers. Our mass market business, with our *Vassarette*®, *Bestform*® and *Curvation*® brands, performed well, but inconsistent product performance hampered results in our department and chain store business. On the plus side, our Mexican and Canadian joint ventures contributed to both the top and bottom lines.

What are you doing to improve results in 2006 and beyond?

We're making decisive changes to turn the business around. We have new leadership in place in both the U.S. and in Europe, and we've upgraded our talent in critical skill areas such as design, business development, strategy and marketing. We're attacking cost in all areas and have initiated a new global innovation process to ensure a more consistent pipeline of winning products.

How is your newest brand—*Curvation*®—performing?

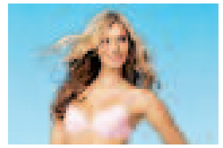
Our *Curvation*® brand is doing very well. Designed to meet the unique needs of curvaceous women, it is now in its third year. We're capitalizing on the brand's momentum by adding new products. We've extended our partnership with award-winning actress and singer Queen Latifah, whose promotion of the *Curvation*® brand has been pivotal to its success. In 2006 we'll launch the Queen Latifah Signature Series in mass market stores, with a new control pant and daywear concept in the works for next year. We believe the *Curvation*® brand can extend to a broader range of products that provide fit solutions, and we're in the process of developing our first apparel collection.

What about the *Vanity Fair*® brand?

The *Vanity Fair*® brand is the leading national brand in U.S. department and mid-tier stores. With a century-long history of meeting women's intimate apparel needs, it has a large and loyal consumer base. Based on this strong heritage, we're leveraging the *Vanity Fair*® brand equity in innovative ways. A revamped look and feel for the brand will launch this fall. New products that incorporate seam-free technology are in the works. And a premium collection, *BodyBreathe*®, which successfully launched last year with one of our department store customers, will be expanded with the launch of *BodyBreathe*® Silver this summer.

We have extended our partnership with award-winning actress and singer Queen Latifah, whose promotion of the Curvation® brand has been pivotal to its success.

2005 was a difficult year for our Intimates coalition, but we are making decisive changes to turn the business around this year and anticipate a return to growth in 2007.



Innovative new products will ensure that our Vanity Fair® brand retains its strong position in department and mid-tier stores.

What's happening in your international businesses?

Our Mexican and Canadian joint ventures are doing well. We completed a successful launch of our *Vassarette*®, *Curvation*® and *Lily of France*® brands in Mexico and will add our *Vanity Fair*® brand there in 2006. We plan to fuel growth in Canada by adding new product categories, including pants, daywear and shapewear. Business in Europe has been more challenging. We have a strong position in Spain and Portugal, particularly in boutique stores, but changing retail dynamics have hindered growth there. A new *Vanity Fair*® brand retail store concept is showing promise, with a 7% increase in comparable store sales in 2005. We're also encouraged by the healthy increase in spring/summer bookings for our licensed *Nike*® brand swimwear business.

What are the priorities for 2006?

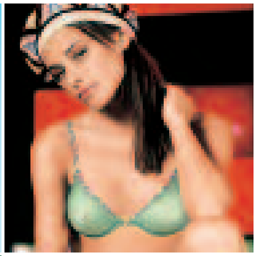
Our first priority is to stabilize the top line. We are confident we can do so, given the good response we expect from all our brands' new product offerings. Second, we plan to improve profitability from 2005 levels. The actions we took in 2005 to resolve capacity issues should result in higher profit levels this year. Third, we need to establish strong, sustainable growth platforms for all our core brands. We expect to see the results of this work reflected in a return to growth in 2007.

What's your future vision for Intimates?

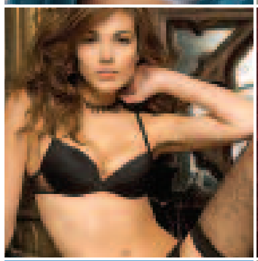
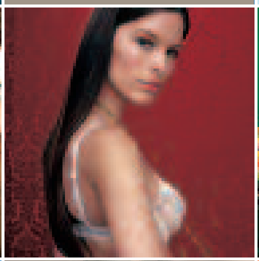
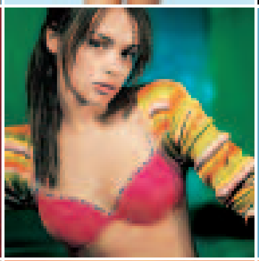
We will continue to utilize our superior product innovation process, best-in-class marketing, great people and strong operational skills to grow our market share and leverage our brand strength into new categories and markets. This will enable us to deliver consistent top and bottom line growth to our shareholders.

Intimates



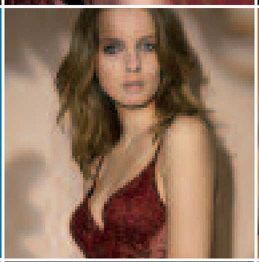
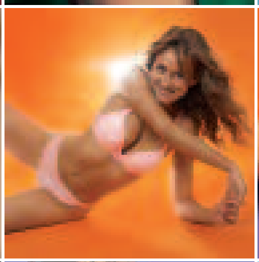
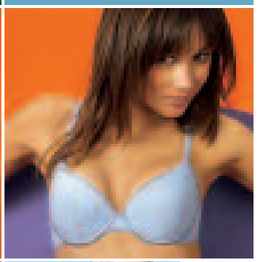
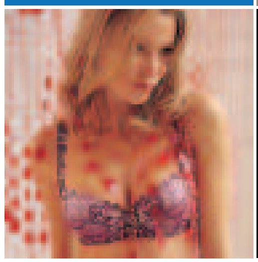


Vanity Fair
Lily of France
Vassarette

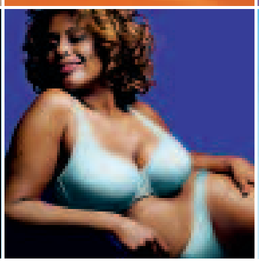
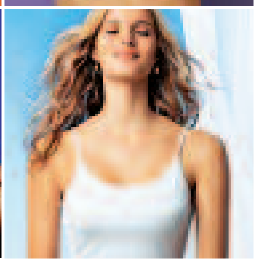




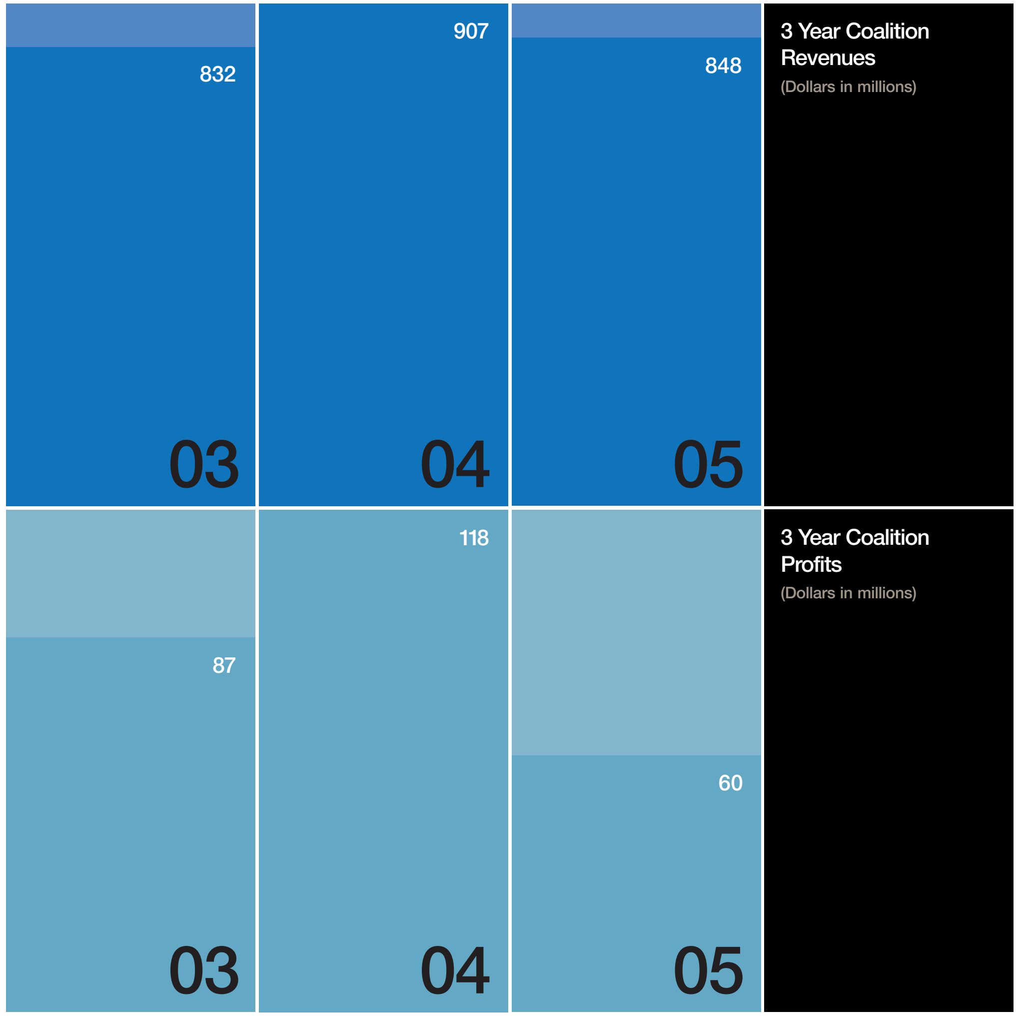
Bestform
Curvation
Lou

Bolero
Gemma
Intima Cherry

Belcor
Variance
Majestic



What's the key to your success in the image apparel business?

Ania Swierkosz Design Manager–Mass Brands, VF Intimates

Our ability to provide our customers with the broadest possible range of products faster and more efficiently than our competitors.

Ed Doran President, Imagewear

VF Imagewear offers a broad array of uniforms and protective apparel under our Red Kap® brand.

Our "Customer First" focus—providing consumers with more customized products and services—has been a winning strategy.

We have set our sights on achieving $1 billion in annual revenues over the next five years.

Imagewear

What were the key accomplishments of 2005?

Imagewear turned in a strong year for 2005, with increases in both revenues and profits. Our "Customer First" strategy, which we launched two years ago, contributed to our success in providing consumers with more customized products and services. Our acquisition in early 2005 of a licensee of the Harley-Davidson Motor Company, Inc. has performed above our expectations, and we're excited about our role in growing this iconic lifestyle brand. Our Licensed Sports Apparel business continued to benefit from leveraging our exclusive agreements with the major sports leagues, including the National Football League (NFL) and Major League Baseball (MLB).

What kinds of markets and customers does your Image business serve?

We offer a broad array of uniforms and protective apparel to corporate customers, government agencies, service businesses, industrial laundries and public safety agencies. Our goal is to provide customized apparel solutions from the boardroom to the factory floor.

What factors drive your Image business?

Economic conditions are an important factor, particularly employment trends. The economy was generally favorable in 2005, and we expect that to continue in 2006. Unemployment decreased slightly and about two million jobs were added during the year. New regulations pertaining to protective apparel—an important and growing market for us—are opening up new opportunities. Two other important markets for uniforms—public safety and government—are also seeing growth.

What's the vision for Imagewear?

Our vision revolves around our "Customer First" strategy, which is the complete and thorough understanding of our consumers, our corporate customers and the professional sports leagues, to provide the right brands, products, services and technologies that best meet their apparel needs.

What benefits are you seeing from your e:business efforts?

Our e:business capabilities provide us a tremendous competitive advantage. Through over 30 websites, hundreds of thousands of our customers have the ability to order customized uniforms and access important company and product information around the clock. In 2005 we generated over $80 million in transactions through our e:business sites, up about 30% from 2004 levels.

What about international markets?

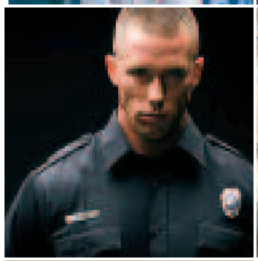
Imagewear's international business is currently small, but we have great customers and a good base of business that is growing in both Canada and Mexico. Some of our Image customers are international in scope, and we support them in each of the countries in which they operate. We are also starting to expand our licensed sports business to other parts of the world.

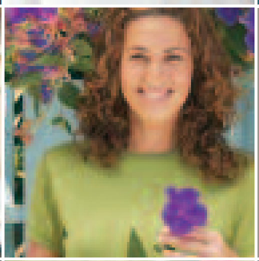
What does the future hold for Imagewear?

We have a clear vision for both our Image and Licensed Sports Apparel businesses. We're committed to steady top line growth and have set our sights on achieving $1 billion in annual revenues over the next five years. Our "Customer First" strategy will continue to serve as our platform for growth, supported by a total dedication to our consumers and the occupations that represent their lifestyles and activities. We'll focus on growing markets with expanding employment and uniform usage, and on boosting our exclusive rights and adding new properties in our Licensed Sports Apparel business. Behind all of this will be the strength of our supply chain, which we view as the fastest and most efficient in the world, as well as our extensive e:business capabilities.

Imagewear

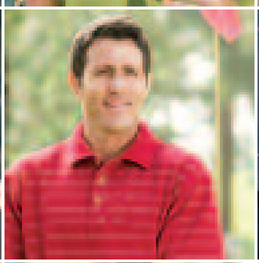
Lee Sport
CSA
Red Kap
Bulwark
The Force

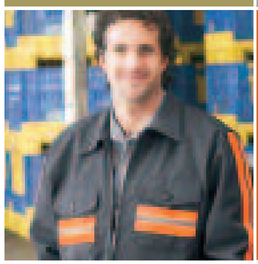




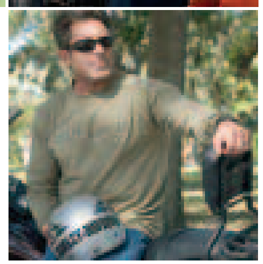
Chef Designs
Wrangler Hero
Lee
NFL Red*
NFL White*
NFL For Her*

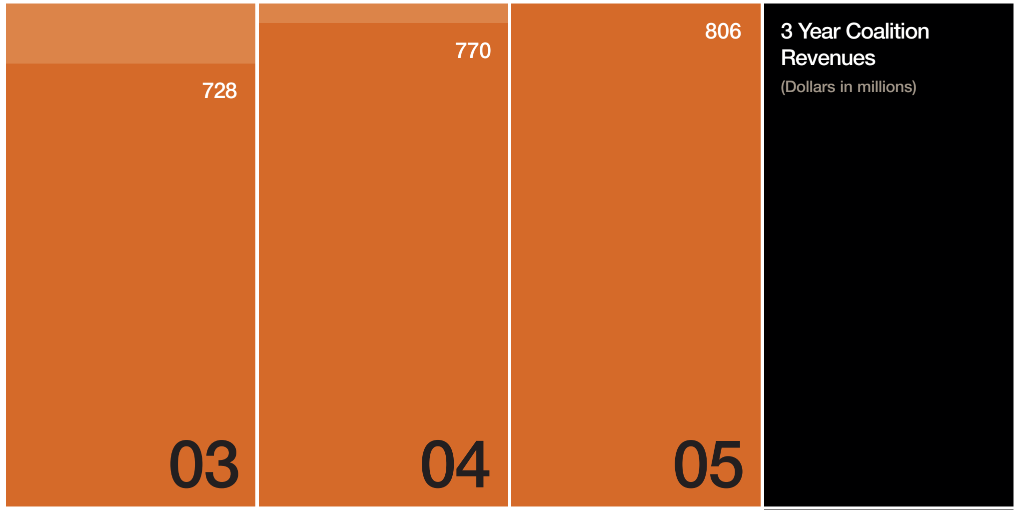
Harley-Davidson*
MLB*
NBA*
NHL*
NCAA Blue Disc*

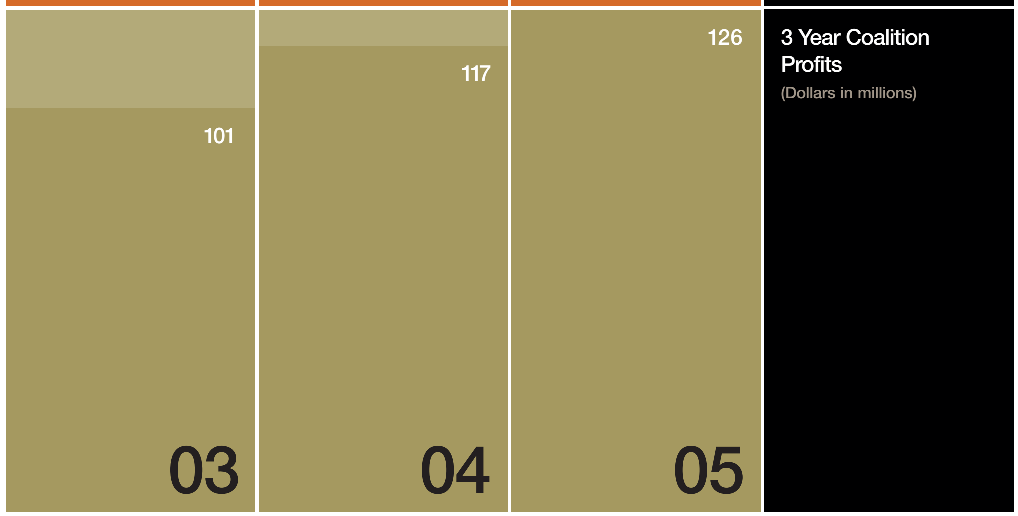




VF Imagewear
E. Magrath
Byron Nelson Classic*
Chase Authentics*







* licensed brand

What is VF's greatest financial strength?

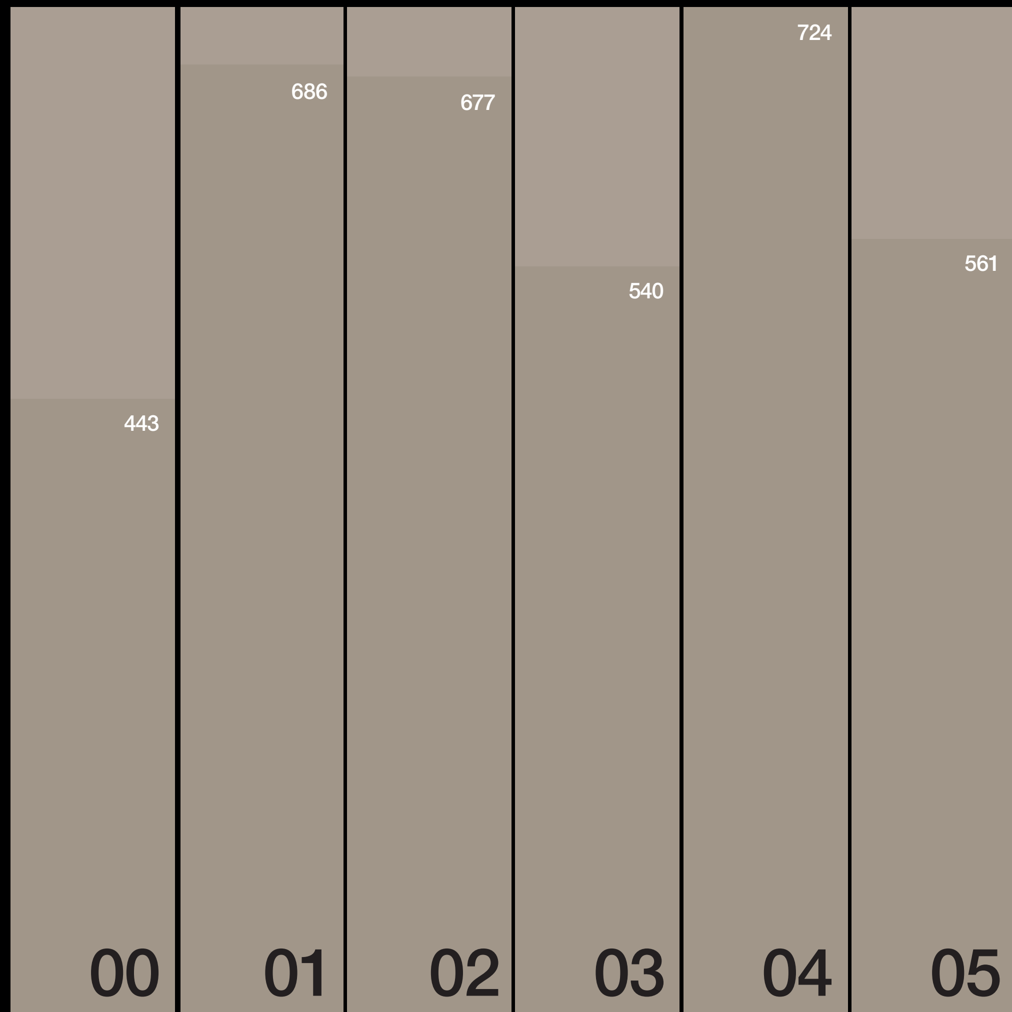
Our ability to consistently generate strong cash flow and the flexibility it gives us to invest in our future growth.



We achieved record sales and earnings for the third consecutive year, and we remain focused on total shareholder return and maintaining a healthy balance sheet. We plan to continue to grow our business through a combination of organic growth and acquisitions that meet our strategic and financial criteria.

Bob Shearer
Senior Vice President, Chief Financial Officer

6 Year Cash Flow From Operatons (Dollars in millions)



What was the biggest accomplishment of 2006?

Mark Gatehouse Director, Replenishment, VF Jeanswear

We're proud to have achieved revenue growth across all Nautica®, John Varvatos® and Kipling® brand businesses.

Denise Seegal President, Sportswear

The Nautica® brand will be extended to women's sportswear in 2006.

Our Sportswear coalition achieved a 49% increase in profits due to higher sales of full-priced products.

We opened four owned Kipling® brand stores in the U.S. last year, with additional stores planned in 2006.

Sportswear

What's driving higher sales of *Nautica*® brand men's sportswear?

The market is responding to our clear, defined brand image combined with higher quality products that embody the *Nautica*® brand consumer's balanced, energetic lifestyle.

What's behind the big improvement in profitability?

Higher sales of full-priced products strengthened our bottom line, as did lower product costs through improved sourcing, better inventory management and more disciplined expense management. We achieved a 49% increase in profits despite continued heavy investments in marketing and in the upcoming launch of *Nautica*® branded women's sportswear.

How are *Nautica*® brand retail stores performing?

Total sales in *Nautica*® brand retail stores in 2005 were up 5% and comparable store sales rose 2%. Merchandising programs geared specifically to warm weather locations and our wear-to-work products both performed well. We expect another good year in 2006, as we adjust the delivery of seasonal merchandise to satisfy our consumers' demand for "buy now, wear now" products. We're also looking forward to opening our first full-price lifestyle store with a complete array of *Nautica*® brand sportswear products in late 2006.

How are the *Nautica*® brand licensed businesses doing?

With new leadership in place, our licensed businesses introduced several new initiatives and product launches. During 2005, we entered into new licensing partnerships for fragrances, neckwear and hosiery. We're looking forward to the launch in 2006 of our new *Nautica*® brand fragrance, *Voyage*™. In addition to expanding our furniture and bedding lines, we're taking the *Nautica*® brand into new geographies with our licensing partners and growing our base of retail stores in China, India and the Middle East.

How are your plans for launching *Nautica*® brand women's sportswear progressing?

This is a significant opportunity for us, and we're on plan to launch the *Nautica*® brand women's sportswear line this fall with our key department store customers. We've completed our consumer research and are finalizing our brand positioning, product assortments and shop design concepts. We anticipate a favorable reception from consumers and retailers alike. We'll then follow up by launching women's licensed categories and by entering international markets.

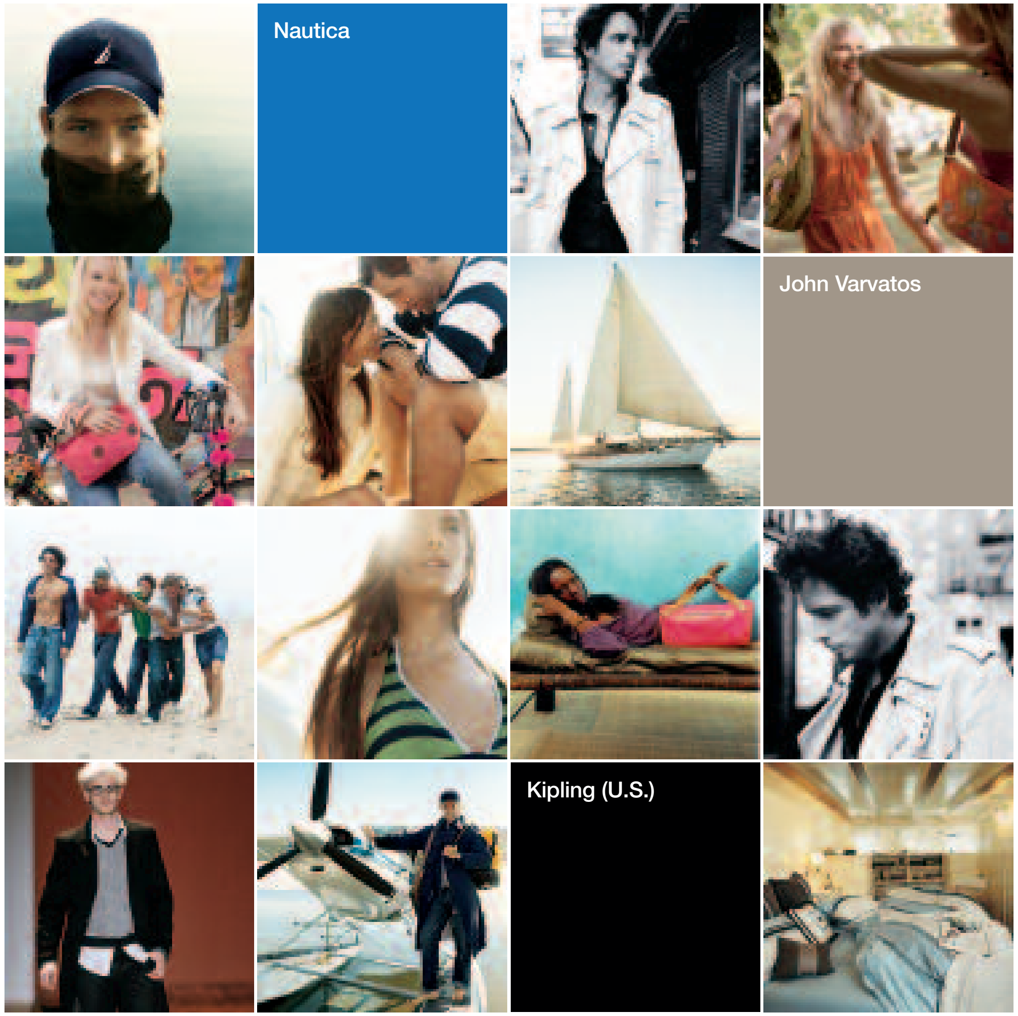
What are your plans to expand the *Kipling*® brand into the U.S.?

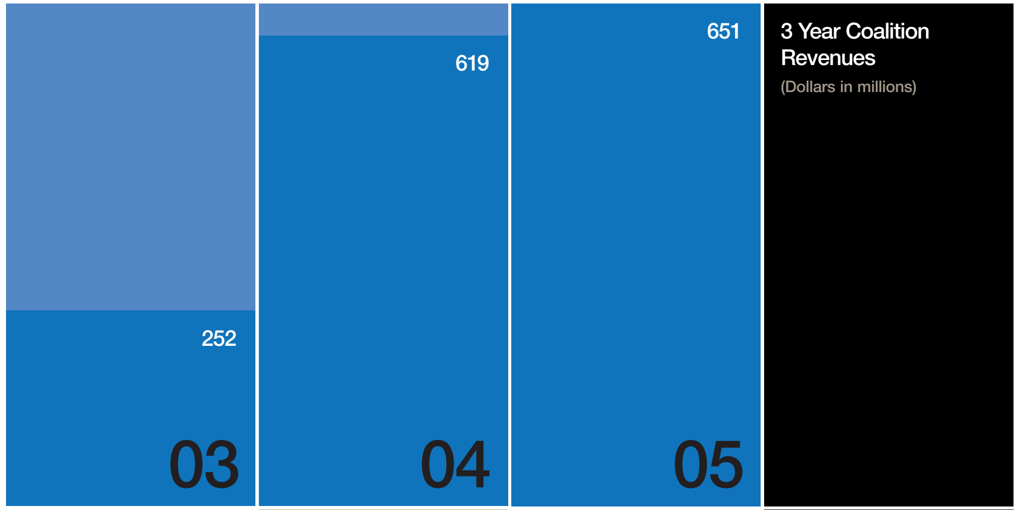
We're especially enthused about our plans to expand our *Kipling*® brand of casual women's handbags here in the U.S. The *Kipling*® brand is well established and growing in Europe, a result of its highly distinctive, broad range of fun, colorful and fashionable bags. In 2005 we opened four owned stores in the U.S. and added new department store distribution. To support future expansion, we're creating a compelling marketing campaign to raise consumer awareness and expanding our products in a range of prices. We look forward to opening additional stores in 2006 and expanding our wholesale business as well.

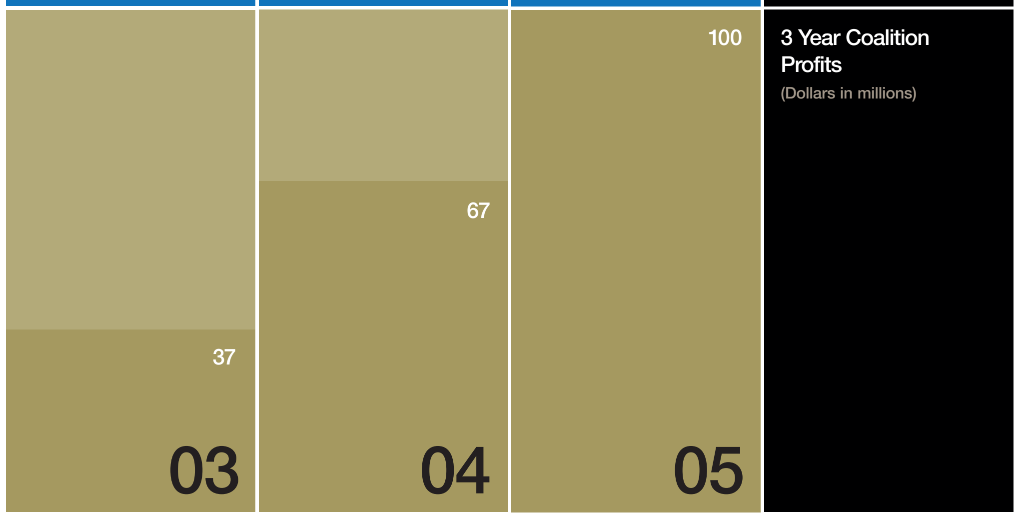
How is your *John Varvatos*® brand performing?

Sales of our *John Varvatos*® brand of luxury men's sportswear collections continue to grow rapidly. Plus, we're proud of the fact that in 2005 John received the prestigious Menswear Designer of the Year Award from the Council of Fashion Designers of America (CFDA). John's success results from his focus on signature detailing and an uncompromising standard of old-world craftsmanship. Highlights in 2005 included the opening of our new flagship store in New York City and the launch of *John Varvatos*® SKIN, an assortment of premium skincare products for men. We look forward to future growth as we expand our retail store base and continue to build our business in premium department and specialty stores.

Sportswear


Nautica
John Varvatos
Kipling (U.S.)


3 Year Coalition Revenues
(Dollars in millions)
252
03
619
04
651
05


3 Year Coalition Profits
(Dollars in millions)
37
03
67
04
100
05

Operating Committee

Mackey J. McDonald Chairman, President and Chief Executive Officer	**Bradley W. Batten** Vice President—Controller and Chief Accounting Officer		**Eric C. Wiseman** Executive Vice President—Global Brands
Frank C. Pickard III Vice President—Treasurer	**Candace S. Cummings** Vice President—Administration, General Counsel and Secretary	**George N. Derhofer** Senior Vice President—Global Operations	
Michael T. Gannaway Vice President—Customer Management	**Stephen F. Dull** Vice President—Strategy	**Robert K. Shearer** Senior Vice President and Chief Financial Officer	**Susan Larson Williams** Vice President—Human Resources
Boyd A. Rogers Vice President and President—Supply Chain		**John P. Schamberger** Vice President—Cross Coalition Management	**Franklin L. Terkelsen** Vice President—Mergers and Acquisitions

Board of Directors

From left to right: Clarence Otis, Jr., Edward E. Crutchfield, Barbara S. Feigin, Daniel R. Hesse, Robert J. Hurst, George Fellows, Juan Ernesto de Bedout, Ursula O. Fairbairn, Mackey J. McDonald, M. Rust Sharp, W. Alan McCollough, Raymond G. Viault.

Board of Directors

Edward E. Crutchfield 2,3,5
Former Chairman and
Chief Executive Officer
First Union Corporation
Charlotte, North Carolina
(Banking)
Director since 1992, age 64

Juan Ernesto de Bedout 1,3
Group President
Latin American Operations
Kimberly-Clark Corporation
Roswell, Georgia
(Consumer products)
Director since 2000, age 61

Ursula O. Fairbairn 2,5
President and
Chief Executive Officer
Fairbairn Group LLC
New York, New York
(Human resources consultant)
Director since 1994, age 63

Barbara S. Feigin 1,4
Consultant
New York, New York
(Strategic marketing
and branding)
Director since 1987, age 68

George Fellows 1,4
President and
Chief Executive Officer
Callaway Golf Company
Carlsbad, California
(Sporting goods)
Director since 1997, age 63

Daniel R. Hesse 3,5
Chief Executive Officer
Local Telecommunications
Division of Sprint Nextel
Corporation
Overland Park, Kansas
(Telecommunications)
Director since 1999, age 52

Robert J. Hurst 2,3,4
Managing Director
Crestview Partners LLC
New York, New York
(Private equity firm)
Director since 1994, age 60

W. Alan McCollough 4,5
Chairman
Circuit City Stores, Inc.
Richmond, Virginia
(National retailer)
Director since 2000, age 56

Mackey J. McDonald 2,3*
Chairman, President and
Chief Executive Officer
Director since 1993, age 59

Clarence Otis, Jr. 1,4
Chief Executive Officer
Darden Restaurants, Inc.
Orlando, Florida
(Casual dining restaurants)
Director since 2004, age 49

M. Rust Sharp 2,5
Of Counsel
Heckscher, Teillon, Terrill & Sager
West Conshohocken,
Pennsylvania
(Attorneys)
Director since 1984, age 65

Raymond G. Viault 1,4
Former Vice Chairman
General Mills, Inc.
Minneapolis, Minnesota
(Consumer food products)
Director since 2002, age 61

Committees of the Board

1 Audit Committee
2 Executive Committee
3 Finance Committee
4 Nominating and Governance Committee
5 Compensation Committee
* Ex officio member

Corporate Officers

Mackey J. McDonald
Chairman, President and
Chief Executive Officer
Joined VF in 1983, age 59

Eric C. Wiseman
Executive Vice President—
Global Brands
Joined VF in 1995, age 50

George N. Derhofer
Senior Vice President—
Global Operations
Joined VF in 1989, age 52

Robert K. Shearer
Senior Vice President and
Chief Financial Officer
Joined VF in 1986, age 54

John P. Schamberger
Vice President—
Cross Coalition Management
Joined VF in 1972, age 57

Bradley W. Batten
Vice President—Controller
and Chief Accounting Officer
Joined VF in 2004, age 50

Candace S. Cummings
Vice President—Administration,
General Counsel and Secretary
Joined VF in 1995, age 58

Stephen F. Dull
Vice President—Strategy
Joined VF in 2005, age 47

Michael T. Gannaway
Vice President—
Customer Management
Joined VF in 2004, age 54

Frank C. Pickard III
Vice President—Treasurer
Joined VF in 1976, age 61

Boyd A. Rogers
Vice President and
President—Supply Chain
Joined VF in 1971, age 57

Susan Larson Williams
Vice President—
Human Resources
Joined VF in 1983, age 48

Franklin L. Terkelsen
Vice President—
Mergers and Acquisitions
Joined VF in 2004, age 41

Richard Lipinski
Vice President—
Corporate Taxes
Joined VF in 1986, age 60

F. Scott Moree
Vice President—Internal Audit
Joined VF in 1994, age 49

Linda J. Matthews
Assistant Treasurer
Joined VF in 1981, age 49

David L. Reklau
Financial Controller
Joined VF in 1981, age 59

Investor Information

Common Stock
Listed on the New York Stock Exchange and Pacific Exchange—trading symbol VFC.

Shareholders of Record
As of February 10, 2006, there were 4,270 shareholders of record.

Dividend Policy
Quarterly dividends on VF Corporation Common Stock, when declared, are paid on or about the 20th day of March, June, September and December.

Dividend Reinvestment Plan
The Plan is offered to shareholders by Computershare Trust Company, N.A. The Plan provides for automatic dividend reinvestment and voluntary cash contributions for the purchase of additional shares of VF Corporation Common Stock. Questions concerning general Plan information should be directed to the Office of the Vice President—Administration, General Counsel and Secretary of VF Corporation.

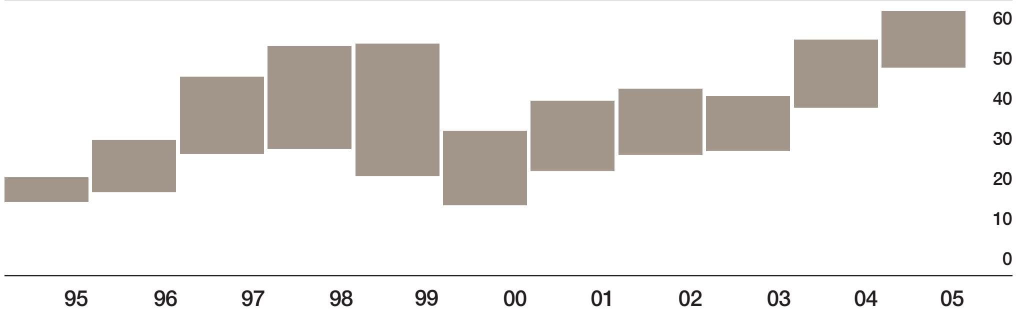
Dividend Direct Deposit
Shareholders may have their dividends deposited into their savings or checking account at any bank that is a member of the Automated Clearing House (ACH) system. A brochure describing this service may be obtained by contacting Computershare.

Quarterly Common Stock Price Information
The high and low sales prices on a calendar quarter basis for the periods indicated were as follows:

Quarterly Common Stock Price

	2005		2004		2003	
	High	Low	High	Low	High	Low
First quarter	$60.74	$52.20	$47.04	$42.06	$39.35	$32.62
Second quarter	59.93	54.60	50.45	43.50	40.17	33.51
Third quarter	61.61	55.52	51.02	45.87	41.59	33.43
Fourth quarter	59.47	50.44	55.61	47.15	44.08	38.81

VF Corporation High/Low Stock Prices (Dollars)



Corporate Directory

Corporate Office
VF World Headquarters
105 Corporate Center Boulevard
Greensboro, NC 27408
Telephone: (336) 424-6000
Facsimile: (336) 424-7696
Mail Address: P.O. Box 21488
Greensboro, NC 27420

Annual Meeting
The Annual Meeting of Shareholders will be held on Tuesday, April 25, 2006, at 10:30 AM at the O.Henry Hotel, Caldwell Room, 624 Green Valley Road, Greensboro, NC 27408

Investor Relations
Cindy Knoebel, CFA
Vice President, Financial and Corporate Communications
VF Services, Inc.
105 Corporate Center Boulevard
Greensboro, NC 27408

Transfer Agent and Registrar
Computershare Trust Company, N.A.
P.O. Box 43070
Providence, RI 02940
Shareholder Relations Department -
(800) 662-7232

Independent Accountants
PricewaterhouseCoopers LLP
101 CentrePort Drive
Greensboro, NC 27409

Certifications
VF has filed the certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of the Company's public disclosure as exhibits to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2005. After VF's 2006 Annual Meeting of Shareholders, VF intends to file with the New York Stock Exchange the certification regarding VF's compliance with the NYSE's corporate governance listing standards as required by NYSE Rule 303A.12. Last year, the Company filed this certification with the NYSE on April 29, 2005.

After VF's 2006 Annual Meeting of Shareholders VF intends to file with the Pacific Exchange the certification regarding VF's compliance with the Pacific Exchange's corporate governance listing standards as required by Pacific Exchange Rules 5.3(k)(5)(D) and 5.3(m). Last year, the Company filed this certificate with the Pacific Exchange on April 29, 2005.

Other Information
VF's filings with the SEC, including its annual report on Form 10-K, quarterly reports on Form 10-Q, press releases and reports on Form 8-K and other information, are available and can be accessed free of charge through the Company's website at www.vfc.com. VF's Corporate Governance Principles, Code of Business Conduct, and charters for the Audit Committee, Compensation Committee, Nominating and Governance Committee and Finance Committee are also available on our website. These documents will also be provided to any shareholder free of charge upon request to the Secretary of VF at P.O. Box 21488, Greensboro, NC 27420.

Design: And Partners, NY
Photography: Jock McDonald
Printing: Hemlock Printers Ltd., Burnaby, BC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