

V F CORP
Form 10-Q
November 10, 2011
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 2011

Commission file number: 1-5256

V. F. CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

105 Corporate Center Boulevard

Greensboro, North Carolina 27408

23-1180120
(I.R.S. employer
identification number)

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(Address of principal executive offices)

(336) 424-6000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

On October 29, 2011, there were 110,362,801 shares of the registrant's Common Stock outstanding.

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VF CORPORATION

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Table of Contents**Part I Financial Information****Item 1 Financial Statements (Unaudited)****VF CORPORATION****Consolidated Balance Sheets****(Unaudited)****(In thousands, except share amounts)**

| | September 2011 | December 2010 | September 2010 |
|--|-------------------|------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and equivalents | \$ 337,391 | \$ 792,239 | \$ 402,863 |
| Accounts receivable, less allowance for doubtful accounts of: Sept. 2011 - \$57,279; Dec. 2010 - \$44,599; Sept. 2010 - \$60,608 | 1,547,741 | 773,083 | 1,098,858 |
| Inventories: | | | |
| Finished products | 1,513,801 | 843,230 | 994,076 |
| Work in process | 89,261 | 78,226 | 77,920 |
| Materials and supplies | 174,840 | 149,238 | 139,311 |
| | 1,777,902 | 1,070,694 | 1,211,307 |
| Other current assets | 279,358 | 190,044 | 171,666 |
| Total current assets | 3,942,392 | 2,826,060 | 2,884,694 |
| Property, Plant and Equipment | 1,787,668 | 1,663,299 | 1,639,271 |
| Less accumulated depreciation | 1,082,733 | 1,060,391 | 1,041,097 |
| | 704,935 | 602,908 | 598,174 |
| Intangible Assets | 2,978,238 | 1,490,925 | 1,515,261 |
| Goodwill | 2,077,701 | 1,166,638 | 1,370,262 |
| Other Assets | 415,782 | 371,025 | 322,725 |
| | \$ 10,119,048 | \$ 6,457,556 | \$ 6,691,116 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | |
| Current Liabilities | | | |
| Short-term borrowings | \$ 1,145,845 | \$ 36,576 | \$ 49,022 |
| Current portion of long-term debt | 2,709 | 2,737 | 2,751 |
| Accounts payable | 666,845 | 510,998 | 482,082 |
| Accrued liabilities | 849,165 | 559,164 | 623,425 |

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| | | | |
|---|---------------|--------------|--------------|
| Total current liabilities | 2,664,564 | 1,109,475 | 1,157,280 |
| Long-term Debt | 1,832,412 | 935,882 | 936,511 |
| Other Liabilities | 1,162,173 | 550,880 | 659,016 |
| Commitments and Contingencies | | | |
| Stockholders' Equity | | | |
| Common stock, stated value \$1; shares authorized, 300,000,000; shares outstanding: Sept. 2011 - 110,081,241; Dec. 2010 - 107,938,105; | 110,081 | 107,938 | 108,144 |
| Sept. 2010 - 108,144,163 | | | |
| Additional paid-in capital | 2,280,544 | 2,081,367 | 2,002,160 |
| Accumulated other comprehensive income (loss) | (279,966) | (268,594) | (229,199) |
| Retained earnings | 2,348,152 | 1,940,508 | 2,057,965 |
| Total equity attributable to VF Corporation | 4,458,811 | 3,861,219 | 3,939,070 |
| Noncontrolling interests | 1,088 | 100 | (761) |
| Total stockholders' equity | 4,459,899 | 3,861,319 | 3,938,309 |
| | \$ 10,119,048 | \$ 6,457,556 | \$ 6,691,116 |

See notes to consolidated financial statements.

Table of Contents**VF CORPORATION****Consolidated Statements of Income****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended September 2011 | 2010 | Nine Months Ended September 2011 | 2010 |
|---|--|--------------|---|--------------|
| Net Sales | \$ 2,727,704 | \$ 2,213,151 | \$ 6,486,046 | \$ 5,520,184 |
| Royalty Income | 22,367 | 19,216 | 62,947 | 56,166 |
| Total Revenues | 2,750,071 | 2,232,367 | 6,548,993 | 5,576,350 |
| Costs and Operating Expenses | | | | |
| Cost of goods sold | 1,504,982 | 1,195,379 | 3,533,429 | 2,970,084 |
| Marketing, administrative and general expenses | 814,971 | 682,443 | 2,122,132 | 1,858,937 |
| | 2,319,953 | 1,877,822 | 5,655,561 | 4,829,021 |
| Operating Income | 430,118 | 354,545 | 893,432 | 747,329 |
| Other Income (Expense) | | | | |
| Interest income | 1,371 | 610 | 3,847 | 1,600 |
| Interest expense | (20,671) | (20,557) | (52,573) | (61,550) |
| Miscellaneous, net | (6,473) | 599 | (11,139) | 8,945 |
| | (25,773) | (19,348) | (59,865) | (51,005) |
| Income Before Income Taxes | 404,345 | 335,197 | 833,567 | 696,324 |
| Income Taxes | 102,933 | 91,943 | 201,168 | 178,121 |
| Net Income | 301,412 | 243,254 | 632,399 | 518,203 |
| Net (Income) Loss Attributable to Noncontrolling Interests | (712) | (467) | (1,628) | (1,065) |
| Net Income Attributable to VF Corporation | \$ 300,700 | \$ 242,787 | \$ 630,771 | \$ 517,138 |
| Earnings Per Common Share Attributable to VF Corporation Common Stockholders | | | | |
| Basic | \$ 2.74 | \$ 2.25 | \$ 5.79 | \$ 4.74 |
| Diluted | 2.69 | 2.22 | 5.69 | 4.68 |
| Cash Dividends Per Common Share | \$ 0.63 | \$ 0.60 | \$ 1.89 | \$ 1.80 |

See notes to consolidated financial statements.

Table of Contents**VF CORPORATION****Consolidated Statements of Comprehensive Income****(Unaudited)****(In thousands)**

| | Three Months Ended September | | Nine Months Ended September | |
|--|---|-------------------|--|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Net Income | \$ 301,412 | \$ 243,254 | \$ 632,399 | \$ 518,203 |
| Other Comprehensive Income (Loss): | | | | |
| Foreign currency translation | | | | |
| Gains (losses) arising during the period | (121,686) | 125,026 | 8,592 | (54,401) |
| Less income tax effect | 25,434 | (19,473) | 1,605 | 12,016 |
| Reclassification to net income for (gains) losses realized | | | (11,995) | |
| Less income tax effect | | | 4,134 | |
| Defined benefit pension plans | | | | |
| Amortization of net deferred actuarial loss | 10,783 | 11,381 | 32,326 | 34,132 |
| Amortization of prior service cost | 863 | 987 | 2,590 | 2,961 |
| Less income tax effect | (4,775) | (5,387) | (13,541) | (14,011) |
| Derivative financial instruments | | | | |
| Gains (losses) arising during the period | (25,218) | (36,261) | (59,770) | 254 |
| Less income tax effect | 9,716 | 13,969 | 23,028 | (99) |
| Reclassification to net income for (gains) losses realized | 12,321 | (8,241) | 9,704 | (518) |
| Less income tax effect | (4,747) | 3,176 | (3,737) | 200 |
| Marketable securities | | | | |
| Gains (losses) arising during the period | (2,863) | | (4,903) | (408) |
| Less income tax effect | 4 | 417 | | 417 |
| Reclassification to net income for (gains) losses recognized | (15) | | 832 | |
| Less income tax effect | | | (237) | |
| Other comprehensive income (loss) | (100,183) | 85,594 | (11,372) | (19,457) |
| Foreign currency translation gains (losses) attributable to noncontrolling interests | (458) | (137) | (229) | 40 |
| Other comprehensive income (loss) including noncontrolling interests | (100,641) | 85,457 | (11,601) | (19,417) |
| Comprehensive Income | 200,771 | 328,711 | 620,798 | 498,786 |
| Comprehensive (Income) Loss Attributable to Noncontrolling Interests | (254) | (330) | (1,399) | (1,105) |
| Comprehensive Income Attributable to VF Corporation | \$ 200,517 | \$ 328,381 | \$ 619,399 | \$ 497,681 |

See notes to consolidated financial statements.

Table of Contents**VF CORPORATION****Consolidated Statements of Cash Flows****(Unaudited)****(In thousands)**

| | Nine Months Ended September | |
|--|------------------------------------|-----------------|
| | 2011 | 2010 |
| Operating Activities | | |
| Net income | \$ 632,399 | \$ 518,203 |
| Adjustments to reconcile net income to cash provided (used) by operating activities: | | |
| Depreciation | 85,398 | 81,618 |
| Amortization of intangible assets | 29,092 | 29,621 |
| Other amortization | 17,554 | 12,141 |
| Stock-based compensation | 54,247 | 47,591 |
| Pension funding under (over) expense | 32,153 | 39,637 |
| Other, net | (83,439) | 54,647 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | (573,511) | (332,006) |
| Inventories | (328,330) | (249,593) |
| Other current assets | 44,109 | (6,584) |
| Accounts payable | (19,681) | 110,382 |
| Accrued compensation | 1,257 | 24,675 |
| Accrued income taxes | 26,576 | (1,890) |
| Accrued liabilities | 39,238 | 116,654 |
| Other assets and liabilities | 14,105 | 3,528 |
| | | |
| Cash provided (used) by operating activities | (28,833) | 448,624 |
| Investing Activities | | |
| Capital expenditures | (98,173) | (73,592) |
| Business acquisitions, net of cash acquired | (2,207,065) | (38,446) |
| Trademarks acquisition | (56,598) | |
| Software purchases | (14,836) | (5,825) |
| Other, net | (3,280) | (6,842) |
| | | |
| Cash used by investing activities | (2,379,952) | (124,705) |
| Financing Activities | | |
| Net increase in short-term borrowings | 1,127,805 | 1,794 |
| Payments on long-term debt | (1,932) | (202,384) |
| Proceeds from long-term debt | 898,450 | |
| Payments of debt issuance costs | (5,969) | |
| Purchase of Common Stock | (6,941) | (322,206) |
| Cash dividends paid | (206,277) | (195,999) |
| Proceeds from issuance of Common Stock, net | 109,671 | 80,680 |
| Tax benefits of stock option exercises | 22,037 | 3,280 |
| Acquisition of remaining noncontrolling interest | (108) | |
| | | |
| Cash provided (used) by financing activities | 1,936,736 | (634,835) |
| Effect of Foreign Currency Rate Changes on Cash and Equivalents | 17,201 | (17,770) |

| | | |
|---|------------|------------|
| Net Change in Cash and Equivalents | (454,848) | (328,686) |
| Cash and Equivalents - Beginning of Year | 792,239 | 731,549 |
| Cash and Equivalents - End of Period | \$ 337,391 | \$ 402,863 |

See notes to consolidated financial statements.

Table of Contents**VF CORPORATION****Consolidated Statements of Stockholders Equity****(Unaudited)****(In thousands)**

| | VF Corporation Stockholders Accumulated | | | | |
|--|--|----------------------------------|---|----------------------|----------------------------------|
| | Common Stock | Additional Paid-in Capital | Other Comprehensive Income (Loss) | Retained Earnings | Non- controlling Interests |
| Balance, December 2009 | \$ 110,285 | \$ 1,864,499 | \$ (209,742) | \$ 2,050,109 | \$ (1,866) |
| Net income | | | | 571,362 | 2,150 |
| Dividends on Common Stock | | | | (264,281) | |
| Purchase of treasury stock | (5,023) | | | (401,925) | |
| Stock compensation plans, net | 2,815 | 216,868 | | (4,072) | |
| Common Stock held in trust for deferred compensation plans | (139) | | | (10,685) | |
| Distributions to noncontrolling interests | | | | | (240) |
| Foreign currency translation | | | (65,398) | | 56 |
| Defined benefit pension plans | | | (155) | | |
| Derivative financial instruments | | | 4,464 | | |
| Marketable securities | | | 2,237 | | |
| Balance, December 2010 | 107,938 | 2,081,367 | (268,594) | 1,940,508 | 100 |
| Net income | | | | 630,771 | 1,628 |
| Dividends on Common Stock | | | | (206,277) | |
| Purchase of treasury stock | | | | | |
| Stock compensation plans, net | 2,202 | 199,040 | | (11,297) | |
| Common Stock held in trust for deferred compensation plans | (59) | | | (5,553) | |
| Acquisition of remaining noncontrolling interest | | 137 | | | (411) |
| Foreign currency translation | | | 2,336 | | (229) |
| Defined benefit pension plans | | | 21,375 | | |
| Derivative financial instruments | | | (30,775) | | |
| Marketable securities | | | (4,308) | | |
| Balance, September 2011 | \$ 110,081 | \$ 2,280,544 | \$ (279,966) | \$ 2,348,152 | \$ 1,088 |

See notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

(Unaudited)

Note A Basis of Presentation

VF Corporation (and its subsidiaries, collectively known as "VF") uses a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. For presentation purposes herein, all references to periods ended September 2011, December 2010 and September 2010 relate to the fiscal periods ended on October 1, 2011, January 1, 2011 and October 2, 2010, respectively.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X and do not include all of the information and notes required by generally accepted accounting principles ("GAAP") in the United States of America for complete financial statements. Similarly, the December 2010 consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by GAAP. In the opinion of management, the accompanying unaudited consolidated financial statements contain all normal and recurring adjustments necessary to fairly present the consolidated financial position, results of operations and cash flows of VF for the interim periods presented. Operating results for the three and nine months ended September 2011 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and notes included in VF's Annual Report on Form 10-K for the year ended December 2010 ("2010 Form 10-K").

Certain prior year amounts, none of which are material, have been reclassified to conform with the 2011 presentation.

Note B Change in Accounting Principle

VF has historically valued inventories using both the first-in, first-out ("FIFO") and last-in, first-out ("LIFO") methods. At the end of December 2010, approximately 25% of total inventories were valued using the LIFO method. On January 2, 2011, VF changed its method of accounting for inventories previously valued on the LIFO method to the FIFO method. This change is preferable because the FIFO inventory valuation (i) better reflects the current value of inventories on the Consolidated Balance Sheets, (ii) provides for a single inventory valuation method for all business units globally, and (iii) enhances comparability with the reporting of VF's peers.

The effect of retrospectively applying this change in accounting principle on previously reported financial statements was not material and therefore those periods have not been restated. The impact of recording this change in the Consolidated Statement of Income for the nine months ended September 2011 was as follows:

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| | |
|---|-------------------|
| | \$(8,027) |
| | Increase |
| In thousands except per share amounts | (Decrease) |
| Cost of goods sold | \$ (8,027) |
| Income before income taxes | 8,027 |
| Income tax expense | 3,160 |
| Net Income attributable to VF Corporation | 4,867 |
| Basic earnings per common share attributable to | |
| VF Corporation common stockholders | \$ 0.04 |
| Diluted earnings per common share attributable to | |
| VF Corporation common stockholders | 0.04 |

The impact of recording this change in the Consolidated Balance Sheet as of January 2, 2011 was as follows:

| | |
|---------------------|-----------------|
| | \$(8,027) |
| | Increase |
| In thousands | |
| Inventories | \$ 8,027 |
| Accrued liabilities | 3,160 |
| Retained earnings | 4,867 |

The impact of continuing to account for inventory on a LIFO instead of FIFO basis, had VF not made this change in accounting principle, would not have been material to the financial position, results of operations, cash flows and earnings per common share attributable to VF Corporation common stockholders for the three or nine months ended September 2011.

Note C Acquisitions

On September 13, 2011, VF acquired 100% of the outstanding shares of The Timberland Company (Timberland) for \$2.3 billion in cash. The purchase price was funded by the issuance of \$900 million of term debt, together with available cash on hand and short term borrowings.

Timberland is a global footwear and apparel company based in New Hampshire whose primary brands are *Timberland*[®] and *Smartwool*[®]. Timberland contributed \$163.6 million of revenues and \$7.9 million of earnings in the third quarter of 2011. In addition, VF incurred \$26.6 million and \$30.3 million of acquisition-related expenses during the third quarter and first nine months of 2011, respectively. The results of Timberland have been included in VF s consolidated financial statements since the date of acquisition and are reported as part of the Outdoor & Action Sports Coalition.

This acquisition strengthens VF s position within the outdoor industry by adding two strong, global, and authentic brands with significant momentum and growth opportunities. Factors that contributed to recognition of goodwill for the acquisition included (1) expected growth rates and profitability of Timberland, (2) the opportunity to leverage VF s skills to achieve higher growth in sales, income and cash flows of the business and (3) expected synergies with existing VF business units. Goodwill resulting from this transaction is not tax deductible and has been assigned to the Outdoor & Action Sports Coalition.

The *Timberland*[®] and *Smartwool*[®] trademarks and tradenames, which management believes have indefinite lives, have been preliminarily valued at \$1,274.1 million. Amortizable intangible assets have been assigned preliminary values of \$174.4 million for customer relationships, \$5.8 million for distributor agreements and \$4.5 million for license agreements. Customer relationships are being amortized using an accelerated method over 20 years. Distributor agreements and license agreements are being amortized on a straight-line basis over ten and five years, respectively.

The Timberland acquisition occurred late in the third quarter, and VF is still in the process of valuing the assets acquired and liabilities assumed. The allocation of the purchase price is preliminary and subject to change. Accordingly, adjustments may be made to the values of the acquired assets and liabilities as additional information is obtained about the facts and circumstances that existed at the valuation date.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

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In thousands

| | |
|--|---------------------|
| Cash and equivalents | \$ 92,442 |
| Inventory | 390,183 |
| Other current assets | 311,725 |
| Property, plant and equipment | 84,111 |
| Intangible assets | 1,458,800 |
| Other assets | 33,582 |
| Total assets acquired | 2,370,843 |
| Current liabilities | 351,522 |
| Other liabilities, primarily deferred income taxes | 633,379 |
| Total liabilities assumed | 984,901 |
| Net assets acquired | 1,385,942 |
| Goodwill | 913,565 |
| Purchase price | \$ 2,299,507 |

Unaudited pro forma results of operations for VF are presented below assuming that the 2011 acquisition of Timberland had occurred at the beginning of 2010.

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| In thousands, except per share amount | Third Quarter | | Nine Months | |
|---|---------------|--------------|--------------|--------------|
| | 2011* | 2010 | 2011* | 2010 |
| Total Revenues | \$ 3,113,686 | \$ 2,664,711 | \$ 7,501,739 | \$ 6,514,690 |
| Net Income attributable to VF Corporation | 221,915 | 286,937 | 535,483 | 550,288 |
| Earnings per common share | | | | |
| Basic | \$ 2.02 | \$ 2.66 | \$ 4.91 | \$ 5.04 |
| Diluted | 1.99 | 2.63 | 4.83 | 4.98 |

* Pro forma operating results for 2011 include expenses totaling \$96.2 million for acceleration of vesting for all unvested stock-based compensation awards, including tax gross-up payments required under employment agreements with certain Timberland executives. Pro forma financial information is not necessarily indicative of VF's operating results if the acquisition had been effected at the date indicated, nor is it necessarily indicative of future operating results. Amounts do not include any marketing leverage, operating efficiencies or cost savings that VF believes are achievable.

Information on Timberland's historical filings with the Securities and Exchange Commission can be located at www.sec.gov.

On September 30, 2011, VF acquired the remaining noncontrolling interest in Napapijri Japan Ltd.

On March 30, 2011, VF acquired the trademarks and related intellectual property of Rock and Republic Enterprises, Inc. for \$56.5 million, plus expenses. VF has accounted for this transaction as an asset acquisition and recorded the purchase price as an indefinite-lived intangible asset. *Rock and Republic*® jeanswear and related products will be offered in the United States through an exclusive wholesale distribution and licensing arrangement with Kohl's Department Stores. Operating results will be reported as part of the Jeanswear Coalition.

Note D Sale of Accounts Receivable

VF has an agreement with a financial institution to sell selected trade accounts receivable on a nonrecourse basis. This agreement allows VF to have up to \$237.5 million of accounts receivable held by the financial institution at any point in time. After the sale, VF continues to service and collect these accounts receivable on behalf of the financial institution but does not retain any other interests in the receivables. At the end of September 2011, December 2010 and September 2010, accounts receivable in the Consolidated Balance Sheets had been reduced by \$133.9 million, \$112.3 million and \$118.5 million, respectively, related to balances sold under this program. During the first nine months of 2011, VF sold \$867.3 million of accounts receivable at their stated amounts, less a funding fee of \$1.5 million, which was recorded in Miscellaneous Expense. Net proceeds of this program are classified in operating activities in the Consolidated Statements of Cash Flows.

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| Dollars in thousands | Weighted Average Life | Gross Carrying Amount | September 2011 Accumulated Amortization | Net Carrying Amount | December 2010 Net Carrying Amount |
|--|-----------------------------|-----------------------------|---|---------------------------|--|
| Amortizable intangible assets: | | | | | |
| Customer relationships | 19 | \$ 618,767 | \$ 128,350 | \$ 490,417 | \$ 337,307 |
| License agreements | 24 | 184,105 | 58,570 | 125,535 | 127,741 |
| Trademarks and other | 9 | 16,969 | 6,772 | 10,197 | 4,670 |
| Amortizable intangible assets, net | | | | 626,149 | 469,718 |
| Indefinite-lived intangible assets: | | | | | |
| Trademarks and tradenames | | | | 2,352,089 | 1,021,207 |
| Intangible assets, net | | | | \$ 2,978,238 | \$ 1,490,925 |

Intangible assets are amortized using the following methods: customer relationships accelerated methods; license agreements accelerated and straight-line methods; trademarks and other straight-line method.

Intangible assets increased from December 2010 due to the *Rock and Republic*[®] trademarks acquisition in the first quarter of 2011 and the Timberland acquisition in the third quarter of 2011 as discussed in Note C.

Amortization of intangible assets for the third quarter and first nine months of 2011 was \$9.9 million and \$29.1 million, respectively, and is expected to be \$41.5 million for the year ended 2011. Estimated amortization expense for the years ending 2012 through 2015 is \$47.0 million, \$45.0 million, \$43.7 million and \$42.2 million, respectively.

Note F Goodwill

| In thousands | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Total |
|---------------------------------|----------------------------|-------------------|------------------|-------------------|------------------------|---------------------|
| Balances, December 2010 | \$ 574,747 | \$ 235,513 | \$ 56,703 | \$ 157,314 | \$ 142,361 | \$ 1,166,638 |
| 2011 acquisition | 913,565 | | | | | 913,565 |
| Currency translation | (84) | (2,418) | | | | (2,502) |
| Balances, September 2011 | \$ 1,488,228 | \$ 233,095 | \$ 56,703 | \$ 157,314 | \$ 142,361 | \$ 2,077,701 |

Balances at December 2010 are net of cumulative impairment charges recorded as follows: Outdoor & Action Sports \$43.4 million, Sportswear \$58.5 million and Contemporary Brands \$195.2 million.

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VF's pension cost was composed of the following components:

| In thousands | Three Months Ended September | | Nine Months Ended September | |
|--|---------------------------------|------------------|--------------------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Service cost benefits earned during the year | \$ 5,322 | \$ 4,076 | \$ 15,776 | \$ 12,236 |
| Interest cost on projected benefit obligations | 19,730 | 19,116 | 59,173 | 57,340 |
| Expected return on plan assets | (22,432) | (19,183) | (67,290) | (57,538) |
| Amortization of: | | | | |
| Net deferred actuarial loss | 10,783 | 11,381 | 32,326 | 34,132 |
| Prior service cost | 863 | 987 | 2,590 | 2,961 |
| Net periodic pension cost | \$ 14,266 | \$ 16,377 | \$ 42,575 | \$ 49,131 |

During the first nine months of 2011, VF contributed \$10.2 million to its defined benefit pension plans. VF currently anticipates making \$2.1 million of additional contributions during the remainder of 2011.

Note H Business Segment Information

VF's businesses are grouped into product categories, and by brands within those product categories, for internal financial reporting used by management. These groupings of businesses within VF are referred to as coalitions and are the basis for VF's reportable business segments. Financial information for VF's reportable segments is as follows:

| In thousands | Three Months Ended September | | Nine Months Ended September | |
|---------------------------------|---------------------------------|---------------------|--------------------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Coalition revenues: | | | | |
| Outdoor & Action Sports | \$ 1,436,832 | \$ 1,045,111 | \$ 2,942,975 | \$ 2,308,120 |
| Jeanswear | 727,595 | 671,023 | 2,020,205 | 1,849,104 |
| Imagewear | 277,564 | 243,075 | 768,446 | 675,598 |
| Sportswear | 151,826 | 129,011 | 383,992 | 340,262 |
| Contemporary Brands | 126,182 | 113,303 | 356,201 | 323,475 |
| Other | 30,072 | 30,844 | 77,174 | 79,791 |
| Total coalition revenues | \$ 2,750,071 | \$ 2,232,367 | \$ 6,548,993 | \$ 5,576,350 |
| Coalition profit: | | | | |
| Outdoor & Action Sports | \$ 320,876 | \$ 247,832 | \$ 554,253 | \$ 456,383 |
| Jeanswear | 109,691 | 118,490 | 327,182 | 320,039 |
| Imagewear | 39,728 | 32,719 | 116,897 | 81,551 |
| Sportswear | 18,294 | 13,789 | 37,382 | 30,697 |
| Contemporary Brands | 8,076 | 5,200 | 28,449 | 21,866 |
| Other | 7 | 170 | (2,003) | (1,065) |
| Total coalition profit | 496,672 | 418,200 | 1,062,160 | 909,471 |
| Corporate and other expenses | (73,027) | (63,056) | (179,867) | (153,197) |
| Interest, net | (19,300) | (19,947) | (48,726) | (59,950) |

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| | | | | |
|----------------------------|------------|------------|------------|------------|
| Income before income taxes | \$ 404,345 | \$ 335,197 | \$ 833,567 | \$ 696,324 |
|----------------------------|------------|------------|------------|------------|

Timberland has been reported in the Outdoor & Action Sports Coalition.

Table of Contents**Note I Capital and Accumulated Other Comprehensive Income (Loss)**

Common stock outstanding is net of shares held in treasury and, in substance, retired. There were 19,286,190 treasury shares at September 2011, 19,099,644 at December 2010 and 17,910,533 at September 2010. The excess of the cost of treasury shares acquired over the \$1 per share stated value of Common Stock is deducted from Retained Earnings. In addition, 235,011 shares of VF Common Stock at September 2011, 246,860 shares at December 2010 and 246,410 shares at September 2010 were held in connection with deferred compensation plans. These shares, having a cost of \$10.2 million, \$10.7 million and \$10.6 million at the respective dates, are treated as treasury shares for financial reporting purposes.

There are 25,000,000 authorized shares of Preferred Stock, \$1 par value, of which none are outstanding.

Comprehensive income includes net income and specified components of other comprehensive income (OCI). OCI consists of changes in assets and liabilities that are not included in net income under GAAP but are instead deferred and accumulated within a separate component of stockholders' equity in the balance sheet. VF's comprehensive income is presented in the Consolidated Statements of Comprehensive Income. The deferred components of other comprehensive income (loss) are reported, net of related income taxes, in Accumulated Other Comprehensive Income (Loss) in Stockholders' Equity, as follows:

| In thousands | September 2011 | December 2010 | September 2010 |
|---|-------------------|------------------|-------------------|
| Foreign currency translation | \$ (3,391) | \$ (5,727) | \$ 17,286 |
| Defined benefit pension plans | (244,750) | (266,125) | (242,888) |
| Derivative financial instruments | (32,491) | (1,716) | (6,343) |
| Marketable securities | 666 | 4,974 | 2,746 |
| Accumulated other comprehensive income (loss) | \$ (279,966) | \$ (268,594) | \$ (229,199) |

Note J Stock-based Compensation

During the first nine months of 2011, VF granted options to purchase 945,712 shares of Common Stock at a weighted average exercise price of \$96.06, equal to the market value of VF Common Stock on the option grant date. The options vest in equal annual installments, generally over a three year period. The fair value of these options was estimated using a lattice valuation model, with the following assumptions: expected volatility ranging from 27% to 38%, with a weighted average of 34%; expected term of 5.6 to 7.5 years; expected dividend yield of 3.1%; and a risk-free interest rate ranging from 0.2% at nine months to 3.5% at 10 years. The resulting weighted average fair value of these options at the grant date was \$25.12 per option.

Also during the first nine months of 2011, VF granted 247,008 performance-based restricted stock units that generally entitle the recipients to receive shares of VF Common Stock at the end of a three year performance period. The actual number of shares that will be earned, if any, will be based on VF's performance over that period. The weighted average fair value of VF's Common Stock at the date the units were granted was \$95.74 per share.

VF also granted, during the first nine months of 2011, 32,000 shares of restricted VF Common Stock and 44,000 restricted stock units with weighted average fair values at the grant date of \$97.22 and \$103.88 per share, respectively. These shares and units will vest in 2015, assuming the grantees remain employed through the vesting date.

Note K Income Taxes

The effective income tax rate was 25.6% in the first nine months of 2010, compared with 24.1% in the first nine months of 2011. The tax rates in both periods were lowered by discrete items. The first nine months of 2010 included a \$13.0 million income tax benefit related to refund claims in a foreign jurisdiction. The first nine months of 2011 included \$6.0 million in net tax benefits related to settlements of prior years' tax audits and prior years' tax filings, \$2.8 million of tax benefits related to the realization of unrecognized tax benefits resulting from expiration of statutes of limitations and \$16.8 million in income tax benefits related to the release of valuation allowances in foreign jurisdictions due to improved profitability in the respective jurisdictions. In

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addition, the tax rate in the first nine months of 2011 benefited from a higher percentage of income in lower tax rate jurisdictions compared with the 2010 period. The effective tax rate for the full year 2010 was 23.6% (24.9% on earnings before the goodwill and intangible asset impairment charge).

VF files a consolidated U.S. federal income tax return, as well as separate and combined income tax returns in numerous states and foreign jurisdictions. During 2010, the United States Internal Revenue Service (IRS) commenced an examination of tax years 2007, 2008 and 2009. During the first quarter of 2011, VF settled with the IRS its examination of tax years 2004, 2005 and 2006. VF is currently subject to examination by various state tax authorities. While the outcome of any one examination is not expected to have a material impact on VF s consolidated financial statements, management regularly assesses the outcomes of both ongoing and future examinations to ensure VF s provision for income taxes is sufficient. Management believes that some of these audits and negotiations will conclude during the next 12 months.

During the first nine months of 2011, the amount of unrecognized tax benefits and associated interest increased by \$14.4 million to \$72.0 million. This increase included the addition of \$26.6 million unrecognized tax benefits and associated interest from the Timberland acquisition, which was partially offset by VF s audit settlements and other net reductions of \$12.2 million. Of the \$12.2 million net decrease, \$5.4 million favorably impacted income tax expense. Management believes that it is reasonably possible that the amount of unrecognized income tax benefits may decrease during the next 12 months by approximately \$13.3 million related to the completion of audits and other settlements with tax authorities and the expiration of statutes of limitations. Of the \$13.3 million, \$10.1 million would reduce income tax expense.

Table of Contents**Note L Earnings Per Share**

| In thousands, except per share amounts | Three Months Ended September | | Nine Months Ended September | |
|--|---|-------------|--|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Earnings per share basic: | | | | |
| Net income | \$ 301,412 | \$ 243,254 | \$ 632,399 | \$ 518,203 |
| Net income (loss) attributable to noncontrolling interests | (712) | (467) | (1,628) | (1,065) |
| | | | | |
| Net income attributable to VF Corporation | \$ 300,700 | \$ 242,787 | \$ 630,771 | \$ 517,138 |
| | | | | |
| Weighted average Common Stock outstanding | 109,643 | 107,881 | 108,982 | 109,093 |
| | | | | |
| Earnings per common share attributable to VF Corporation common stockholders | \$ 2.74 | \$ 2.25 | \$ 5.79 | \$ 4.74 |
| Earnings per common share diluted: | | | | |
| Net income attributable to VF Corporation | \$ 300,700 | \$ 242,787 | \$ 630,771 | \$ 517,138 |
| | | | | |
| Weighted average Common Stock outstanding | 109,643 | 107,881 | 108,982 | 109,093 |
| Incremental shares from stock options and other dilutive securities | 1,939 | 1,309 | 1,847 | 1,399 |
| | | | | |
| Adjusted weighted average Common Stock outstanding | 111,582 | 109,190 | 110,829 | 110,492 |
| | | | | |
| Earnings per common share attributable to VF Corporation common stockholders | \$ 2.69 | \$ 2.22 | \$ 5.69 | \$ 4.68 |

Outstanding options to purchase approximately 20,000 and 600,000 shares of Common Stock for the three and nine months ended September 2011, respectively, and outstanding options to purchase 2.4 million shares and 2.5 million shares of Common Stock for the three and nine months ended September 2010, respectively, were excluded from the computations of diluted earnings per share because the effect of their inclusion would have been antidilutive. In addition, approximately 300,000 performance-based restricted stock units were excluded from the computation of diluted earnings per share for each of the three and nine month periods ended September 2011 and 2010 because these units have not been earned yet in accordance with the vesting conditions of the plan.

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Note M Fair Value Measurements

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market in an orderly transaction between market participants. In determining fair value, the accounting standards distinguish between (i) market data obtained or developed from independent sources (i.e., observable data inputs) and (ii) a reporting entity's own data and assumptions that market participants would use in pricing an asset or liability (i.e., unobservable data inputs). Financial assets and financial liabilities measured and reported at fair value are classified in a three level hierarchy that prioritizes the inputs used in the valuation process. The hierarchy is based on the observability and objectivity of the pricing inputs, as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.

Level 3 Prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity's own data and judgments about assumptions that market participants would use in pricing the asset or liability. The fair value measurement level for an asset or liability is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

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The following table summarizes the classes of financial assets and financial liabilities measured and recorded at fair value on a recurring basis:

| In thousands | Total Fair Value | Fair Value Using: | | |
|-----------------------------|------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| September 2011 | | | | |
| Financial assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | \$ 19,099 | \$ 19,099 | \$ | \$ |
| Time deposits | 106,876 | 106,876 | | |
| Derivative instruments | 31,374 | | 31,374 | |
| Investment securities | 168,602 | 136,569 | 32,033 | |
| Other marketable securities | 5,662 | 5,662 | | |
| Financial liabilities: | | | | |
| Derivative instruments | 24,609 | | 24,609 | |
| Deferred compensation | 211,931 | | 211,931 | |
| December 2010 | | | | |
| Financial assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | \$ 437,229 | \$ 437,229 | \$ | \$ |
| Time deposits | 93,254 | 93,254 | | |
| Derivative instruments | 18,568 | | 18,568 | |
| Investment securities | 182,673 | 147,380 | 35,293 | |
| Other marketable securities | 12,388 | 12,388 | | |
| Financial liabilities: | | | | |
| Derivative instruments | 28,815 | | 28,815 | |
| Deferred compensation | 212,011 | | 212,011 | |

All other financial assets and financial liabilities are carried at cost, which may differ from fair value. At September 2011 and December 2010, the carrying values of VF's cash held as demand deposits, accounts receivable, life insurance contracts, short-term borrowings, accounts payable and accrued liabilities approximated their fair values. At September 2011 and December 2010, the carrying value of VF's long-term debt, including the current portion, was \$1,835.1 million and \$938.6 million, respectively, compared with fair value of \$2,003.0 million and \$1,025.1 million at those dates. Fair value for long-term debt was estimated based on quoted market prices or values of comparable borrowings.

Table of Contents**Note N Derivative Financial Instruments and Hedging Activities**

Summary of derivative instruments All of VF's outstanding derivative instruments are forward exchange contracts. Most derivatives meet the criteria for hedge accounting at the inception of the hedging relationship, but a limited number of derivative contracts are undesignated economic hedges of assets and liabilities. Additionally, derivative instruments that are cash flow hedges of forecasted cash receipts are redesignated as hedges near the end of their term and do not qualify for hedge accounting after the date of dedesignation. The notional amounts of outstanding derivative contracts at September 2011, December 2010 and September 2010 totaled \$1.4 billion, \$1.1 billion and \$1.5 billion, respectively, consisting of contracts hedging primarily exposures to the euro, British pound, Mexican peso, Polish zloty and Canadian dollar. Derivative contracts have maturities up to 20 months. The following table presents outstanding derivatives on an individual contract basis:

| In thousands | Fair Value of Derivatives with Unrealized Gains | | | Fair Value of Derivatives with Unrealized Losses | | |
|--|--|------------------|-------------------|---|------------------|-------------------|
| | September 2011 | December 2010 | September 2010 | September 2011 | December 2010 | September 2010 |
| Foreign exchange contracts designated as hedging instruments | \$ 29,073 | \$ 18,389 | \$ 18,738 | \$ 24,231 | \$ 27,916 | \$ 54,264 |
| Foreign exchange contracts dedesignated as hedging instruments | 2,220 | 179 | 1,211 | 201 | 899 | 575 |
| Foreign exchange contracts not designated as hedging instruments | 81 | | | 177 | | |
| Total derivatives | \$ 31,374 | \$ 18,568 | \$ 19,949 | \$ 24,609 | \$ 28,815 | \$ 54,839 |

Outstanding derivatives have been included in the Consolidated Balance Sheets and classified as current or noncurrent based on the derivatives maturity dates, as follows:

| In thousands | September 2011 | December 2010 | September 2010 |
|--------------------------------|-------------------|------------------|-------------------|
| Other current assets | \$ 26,100 | \$ 15,296 | \$ 15,786 |
| Accrued current liabilities | (18,260) | (25,440) | (45,431) |
| Other assets (noncurrent) | 5,274 | 3,272 | 4,163 |
| Other liabilities (noncurrent) | (6,349) | (3,375) | (9,408) |

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Fair value hedges VF enters into derivative contracts to hedge intercompany loans between a domestic company and a foreign subsidiary or between two foreign subsidiaries having different functional currencies. VF's Consolidated Statements of Income include the following effects related to fair value hedging:

| In thousands | Location of Gain (Loss) on Derivatives Recognized in Income | Gain (Loss) on Derivatives Recognized in Income | | Hedged Items in Fair Value Hedge Relationships | Location of Gain (Loss) Recognized on Related Hedged Items | Gain (Loss) on Related Hedged Items Recognized in Income | |
|---|---|---|-------------|--|--|--|-------------|
| | | Three Months | Nine Months | | | Three Months | Nine Months |
| Fair Value Hedging Relationships | | | | | | | |
| <u>Periods ended September 2011</u> | | | | | | | |
| Foreign exchange | Miscellaneous income (expense) | \$ 6,716 | \$ 1,669 | Advances intercompany | Miscellaneous income (expense) | \$ (6,606) | \$ (2,807) |
| <u>Periods ended September 2010</u> | | | | | | | |
| Foreign exchange | Miscellaneous income (expense) | \$ (2,222) | \$ 20,862 | Advances intercompany | Miscellaneous income (expense) | \$ 1,755 | \$ (21,246) |

Cash flow hedges VF uses derivative contracts to hedge a portion of the exchange risk for its forecasted inventory purchases and production costs and for its forecasted cash receipts arising from sales of inventory. In addition, VF's domestic companies hedge the receipt of forecasted intercompany royalties from foreign subsidiaries. As discussed below in derivative contracts not designated as hedges, cash flow hedges of forecasted cash receipts are redesignated as hedges when the sale is recorded, and hedge accounting is not applied after that date.

The effects of cash flow hedging included in VF's Consolidated Statements of Income and Consolidated Statements of Comprehensive Income are summarized as follows:

| In thousands | Gain (Loss) on Derivatives Recognized in OCI | Location of Gain (Loss) Reclassified from Accumulated OCI into Income | Gain (Loss) Reclassified from Accumulated OCI into Income | |
|--|--|---|---|-------------|
| | | | Three Months | Nine Months |
| Cash Flow Hedging Relationships | | | | |
| <u>Periods ended September 2011</u> | | | | |
| Foreign exchange | \$ 23,048 | \$ (11,504) | Net sales | \$ 3,034 |
| | | | Cost of goods sold | (10,293) |
| | | | Miscellaneous income (expense) | (3,484) |
| Interest rate | (48,266) | (48,266) | Interest expense | (1,578) |
| Total | \$ (25,218) | \$ (59,770) | | \$ (12,321) |
| <u>Periods ended September 2010</u> | | | | |
| Foreign exchange | \$ (36,261) | \$ 254 | Net sales | \$ 432 |
| | | | Cost of goods sold | 8,186 |
| | | | Miscellaneous income (expense) | (406) |
| | | | | (1,210) |

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| Interest rate | | | Interest expense | 29 | 87 |
|---------------|-------------|----|------------------|----------|--------|
| Total | \$ (36,261) | \$ | 254 | \$ 8,241 | \$ 518 |

Net investment hedges In limited instances, VF may choose to hedge the risk of changes in its investment in foreign subsidiaries. Changes in the fair value of derivatives designated as net investment hedges, except for any ineffective portion, are reported as a component of OCI and deferred in Accumulated OCI, along with the foreign currency translation adjustments on that investment. Upon settlement of net investment hedges, cash flows are classified in investing activities in the Consolidated Statements of Cash Flows. The effects of net investment hedging included in VF's Consolidated Statements of Income and Consolidated Statements of Comprehensive Income were not material for the three and nine month periods ended September 2011 or September 2010.

There were no significant amounts recognized in earnings related to ineffective hedging during the three or nine month periods ended September 2011 or September 2010.

At September 2011, Accumulated OCI included \$10.4 million of net deferred pretax losses for foreign exchange contracts that are expected to be reclassified to earnings during the next 12 months. The amounts reclassified to earnings will depend on exchange rates when the outstanding derivative contracts are settled.

In addition, VF entered into interest rate swap derivative contracts in 2011 and 2003 to hedge the interest rate risk for issuance of long-term debt due in 2021 and 2033, respectively. In each case, the contracts were terminated concurrent with the issuance of the debt and the realized gain or loss was deferred in Accumulated OCI. The remaining pretax deferred net loss in Accumulated OCI was \$44.1 million at September 2011, which will be reclassified into the statement of income over the remaining terms of the associated debt instruments.

Derivative contracts not designated as hedges As previously noted, cash flow hedges of certain forecasted cash receipts are redesignated as hedges when the sales are recognized. At that time, hedge accounting is no longer applied and the amount of

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unrealized hedging gain or loss is recognized in net sales. These derivatives remain outstanding and serve as an economic hedge of foreign currency exposures related to the ultimate collection of the trade receivables. During the period that hedge accounting is not applied, changes in the fair value of the derivative contracts are recognized directly in earnings.

In addition, forward contracts are used as undesignated economic hedges of assets and liabilities. Those contracts are recorded at fair value in the balance sheet, with changes in fair value recognized in earnings immediately. The gains or losses related to the derivative contracts largely offset the remeasurement of those assets and liabilities.

For the three and nine months ended September 2011 and September 2010, VF recorded net losses of less than \$1 million in Miscellaneous Income (Expense) for derivatives not designated as hedging instruments, effectively offsetting the net remeasurement gains on the related assets and liabilities.

Note O Recently Issued Accounting Standards

In May 2011, the FASB issued an update to their authoritative guidance regarding fair value measurements and related disclosures. Additional disclosure requirements in the update include: (1) for Level 3 fair value measurements, quantitative information about unobservable inputs used, a description of the valuation processes used, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs; (2) for the use of a nonfinancial asset that is different from the asset's highest and best use, the reason for the difference; (3) for financial instruments not measured at fair value but for which disclosure of fair value is required, the fair value hierarchy level in which the fair value measurements were determined; and (4) the disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy. This guidance will be effective in the first quarter of fiscal 2012, and will be applied on a prospective basis. VF is currently evaluating the impact of this update on the financial statements and disclosures.

In June 2011, the FASB issued an update to their accounting guidance regarding other comprehensive income which requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements of income and comprehensive income. The guidance provided by this update becomes effective for VF in the first quarter of fiscal 2012. VF does not expect that the adoption of this guidance will have a material effect on the financial statements.

In September 2011, the FASB issued an update to their authoritative guidance regarding goodwill impairment testing. The amendment is intended to reduce the complexity of testing by allowing companies to assess qualitative factors to determine the likelihood of goodwill impairment and whether it is necessary to perform the two-step impairment test currently required. This guidance will be effective for fiscal years beginning after December 15, 2011, with early adoption permitted. VF is currently evaluating this guidance but does not expect that the adoption of this guidance will have a material effect on the financial statements.

Note P Subsequent Event

VF's Board of Directors declared a quarterly cash dividend of \$0.72 per share, payable on December 19, 2011 to shareholders of record on December 9, 2011.

On November 2, 2011, VF acquired the remaining 40% ownership interest of VF Arvind Brands Private Limited for \$52.4 million.

Table of Contents**Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations****Overview****Highlights of the Third Quarter of 2011**

On September 13, 2011, VF acquired The Timberland Company (Timberland) for \$2.3 billion. This acquisition is the largest in VF's history and added the *Timberland*® and *Smartwool*® brands to VF's portfolio.

Revenues grew to \$2,750.1 million, an increase of 23% from the 2010 quarter, comprised of 16% organic growth and 7% from the addition of Timberland's revenues.

International revenues rose 44% over the 2010 quarter, of which 15% is due to the Timberland acquisition. International revenues represented 38% of Total Revenues in the quarter.

Business in Asia continued its rapid growth, with revenues up 64% in the quarter. Excluding Timberland, revenues increased 49% in Asia.

Direct-to-consumer business grew 21% in the quarter, of which 6% relates to the Timberland acquisition. The remaining 15% increase was driven by new store openings, a 45% increase in e-commerce revenues and comp store revenue growth. The direct-to-consumer businesses of *The North Face*®, *Vans*®, *7 for All Mankind*® and *Kipling*® each achieved double-digit revenue growth in the quarter.

Earnings per share increased by 21% to \$2.69 from \$2.22 in the 2010 quarter, with the Timberland acquisition contributing \$0.07 per share. (All per share amounts are presented on a diluted basis.)

In October 2011, the Board of Directors raised the quarterly cash dividend by 14% to \$0.72 per share.

Analysis of Results of Operations**Consolidated Statements of Income**

The following table presents a summary of the changes in Total Revenues from the comparable periods in 2010:

| | Third Quarter 2011 | Nine Months 2011 |
|---|-----------------------|-----------------------|
| | Compared with 2010 | Compared with 2010 |
| In millions | | |
| Total revenues 2010 | \$ 2,232.4 | \$ 5,576.4 |
| Organic growth | 298.1 | 698.3 |
| Acquisition in current year | 163.6 | 163.6 |
| Acquisition in prior year (to anniversary date) | | 5.4 |
| Impact of foreign currency translation | 56.0 | 105.3 |
| | | |
| Total revenues 2011 | \$ 2,750.1 | \$ 6,549.0 |

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Revenue growth in the third quarter and first nine months of 2011 was led by increases of 37% and 28%, respectively, in the Outdoor & Action Sports coalition, driven by organic growth and the Timberland acquisition. The Imagewear, Sportswear and Contemporary Brands coalitions each had double-digit growth in the third quarter and first nine months of 2011 over the respective prior year periods. Jeanswear revenues grew 8% over the 2010 quarter and 9% over the first nine months of 2010. Additional details on revenues are provided in the section titled Information by Business Segment.

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The impact of foreign currency translation is created when a foreign entity's financial statements are translated from its functional currency into the U.S. dollar, VF's reporting currency. A weaker U.S. dollar in relation to the functional currencies where VF conducts its international business (primarily in Europe/euro-based countries) positively impacted revenue comparisons by \$56 million in the third quarter of 2011 and \$105 million in the first nine months of 2011, compared with the respective 2010 periods. The weighted average translation rate for the euro was \$1.41 for both the third quarter of 2011 and the first nine months of 2011, compared with \$1.30 for the third quarter of 2010 and \$1.32 for the first nine months of 2010. If the U.S. dollar remains at the exchange rate in effect at the end of September 2011 (\$1.34 per euro), reported revenues for the fourth quarter of 2011 will be positively impacted compared with 2010.

The following table presents the percentage relationship to Total Revenues for components of the Consolidated Statements of Income:

| | Third Quarter | | Nine Months | |
|---|---------------|-------|-------------|-------|
| | 2011 | 2010 | 2011 | 2010 |
| Gross margin (total revenues less cost of goods sold) | 45.3% | 46.5% | 46.0% | 46.7% |
| Marketing, administrative and general expenses | 29.6 | 30.6 | 32.4 | 33.3 |
| Operating income | 15.6% | 15.9% | 13.6% | 13.4% |

The 1.2% decline in gross margin percentage in the third quarter of 2011, compared with the 2010 quarter, was driven by a 1.8% net impact from higher product costs that were not fully offset by pricing increases. This decline was partially offset by a greater percentage of revenues coming from higher gross margin businesses, including the Outdoor & Action Sports, international and direct-to-consumer businesses. The 0.7% decline in gross margin percentage in the first nine months of 2011, compared with the 2010 period, was driven by a 2.0% net impact from higher product costs that were not fully offset by pricing increases. This decrease was partially offset by a greater percentage of revenues coming from higher gross margin businesses. In addition, the ratio in the first nine months of 2011 benefited by (i) 0.2% from the gain on closure of a European jeanswear facility in the second quarter of 2011, (ii) 0.2% from restructuring expenses incurred during the first quarter of 2010 to reduce product costs that did not recur in 2011 and (iii) 0.1% due to the change in inventory accounting policy as discussed in Note B to the Consolidated Financial Statements.

The lower ratio of Marketing, Administrative and General Expenses as a percentage of Total Revenues in the third quarter and first nine months of 2011, compared to the 2010 periods, was driven by leverage of operating expenses on higher revenues. These improvements were partially offset by acquisition-related expenses for Timberland that increased the third quarter and first nine month ratios of 2011 by 1.0% and 0.5%, respectively.

Interest Expense increased \$0.1 million in the third quarter of 2011 and declined \$9.0 million in the first nine months of 2011, from the comparable periods in 2010. The decrease in the first nine months of 2011 was due primarily to lower interest rates, partially offset by current year borrowings to fund the Timberland acquisition. The weighted average interest rates on total outstanding debt were 5.3% and 6.7% for the first nine months of 2011 and 2010, respectively. Average interest-bearing debt outstanding totaled \$1,247 million for the first nine months of 2011 and \$1,188 million for the comparable period of 2010.

Miscellaneous Expense was \$11.1 million in the first nine months of 2011, compared with Miscellaneous Income of \$8.9 million for the comparable 2010 period. The first nine months of 2011 included higher foreign currency exchange losses than the 2010 period and the first nine months of 2010 included a \$5.7 million gain from remeasuring VF's previous 50% investment in the Vans Mexico joint venture upon acquiring the remaining 50% interest.

The effective income tax rate was 25.6% in the first nine months of 2010, compared with 24.1% in the first nine months of 2011. The tax rates in both periods were lowered by discrete items. The first nine months of 2010 included a \$13.0 million income tax benefit related to refund claims in a foreign jurisdiction, representing a 1.9%

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rate reduction in the first nine months of 2010. The first nine months of 2011 included \$6.0 million in net tax benefits related to settlements of prior years tax audits and prior years tax filings, \$2.8 million of tax benefits related to the realization of unrecognized tax benefits resulting from expiration of statutes of limitations and \$16.8 million in income tax benefits related to the release of valuation allowances in foreign jurisdictions, together representing a reduction in the rate of 3.1%. In addition, the rate in the first nine months of 2011 benefited from a higher percentage of income in lower tax rate jurisdictions compared with the 2010 period.

The effective tax rate for the full year 2010 was 23.6% (24.9% on earnings before the goodwill and intangible asset impairment charge). The 2010 tax rate included favorable impacts of 2.7% from prior years refund claims, tax credits and expirations of statutes of limitations. The expected 2011 annual effective tax rate is approximately 25%. This projected 2011 rate includes the favorable impacts of discrete items in the first nine months of 2011 mentioned above, representing a reduction in the rate of approximately 2.1%. The 2011 full year tax rate is also expected to benefit from a higher percentage of earnings in lower tax rate jurisdictions compared with 2010.

Net Income Attributable to VF Corporation for the third quarter of 2011 increased to \$300.7 million (\$2.69 per share), compared with \$242.8 million (\$2.22 per share) in the 2010 quarter. Net Income Attributable to VF Corporation for the first nine months of 2011 increased to \$630.8 million (\$5.69 per share), compared with \$517.1 million (\$4.68 per share) in the first nine months of 2010. The increases in the third quarter and first nine months of 2011 resulted primarily from improved operating performance, as discussed in the Information by Business Segment section below. In addition, the third quarter of 2011 benefited by \$0.07 per share from the Timberland acquisition (which included \$0.18 per share in acquisition-related expenses), and \$0.10 per share from the impact of foreign currency translation. The first nine months of 2011 benefited by (i) \$0.09 per share in restructuring expenses incurred in the first quarter of 2010 that did not recur in 2011, (ii) \$0.07 per share from the gain on a facility closure, (iii) \$0.04 per share from a change in inventory accounting, (iv) \$0.05 per share from the Timberland acquisition (which included \$0.20 per share in acquisition-related expenses) and (v) \$0.14 per share from the impact of foreign currency translation. Earnings per share including Timberland, but excluding acquisition-related expenses, were \$2.87 in the third quarter of 2011, an increase of 29% over the 2010 quarter, and \$5.89 for the first nine months of 2011, a 26% increase over the prior year period.

Information by Business Segment

VF's businesses are grouped into product categories, and by brands within those product categories, for management and internal financial reporting purposes. These groupings of businesses within VF are referred to as coalitions. These coalitions are the basis for VF's reportable business segments.

See Note H to the Consolidated Financial Statements for a summary of results of operations by coalition, along with a reconciliation of Coalition Profit to Income Before Income Taxes.

The following tables present a summary of the changes in Total Revenues by coalition for the third quarter and first nine months of 2011 from the comparable periods in 2010:

| | | \$0000.0 | \$0000.0 | \$0000.0 | \$0000.0 | \$0000.0 | \$0000.0 | \$0000.0 | |
|--|-------------|--|----------|---|----------|----------|--|------------|--------------|
| | | Third Quarter | | | | | | | |
| | | Outdoor & Action Sports | | Jeanswear Imagewear Sportswear | | | Contemporary Brands Other | | Total |
| In millions | | | | | | | | | |
| Total revenues | 2010 period | \$ 1,045.1 | \$ 671.0 | \$ 243.1 | \$ 129.0 | \$ 113.3 | \$ 30.9 | \$ 2,232.4 | |
| Organic growth | | 187.1 | 43.3 | 34.6 | 22.8 | 11.0 | (0.7) | 298.1 | |
| Acquisition in current year | | 163.6 | | | | | | 163.6 | |
| Impact of foreign currency translation | | 41.0 | 13.3 | (0.1) | | 1.9 | (0.1) | 56.0 | |
| Total revenues | 2011 period | \$ 1,436.8 | \$ 727.6 | \$ 277.6 | \$ 151.8 | \$ 126.2 | \$ 30.1 | \$ 2,750.1 | |

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| | | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 |
|---|-------------|--|------------------|------------------|-------------------|--------------------------------|--------------|--------------|
| | | Nine Months | | | | | | |
| In millions | | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Other | Total |
| Total revenues | 2010 period | \$ 2,308.1 | \$ 1,849.1 | \$ 675.6 | \$ 340.3 | \$ 323.5 | \$ 79.8 | \$ 5,576.4 |
| Organic growth | | 395.1 | 141.8 | 92.5 | 43.7 | 27.8 | (2.6) | 698.3 |
| Acquisition in current year | | 163.6 | | | | | | 163.6 |
| Acquisition in prior year (to anniversary date) | | 5.4 | | | | | | 5.4 |
| Impact of foreign currency translation | | 70.8 | 29.3 | 0.3 | | 4.9 | | 105.3 |
| Total revenues | 2011 period | \$ 2,943.0 | \$ 2,020.2 | \$ 768.4 | \$ 384.0 | \$ 356.2 | \$ 77.2 | \$ 6,549.0 |

The following tables present a summary of the changes in Coalition Profit for the third quarter and first nine months of 2011 from the comparable periods in 2010:

| | | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 |
|--|-------------|--|------------------|------------------|-------------------|--------------------------------|--------------|--------------|
| | | Third Quarter | | | | | | |
| In millions | | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Other | Total |
| Coalition profit | 2010 period | \$ 247.8 | \$ 118.5 | \$ 32.7 | \$ 13.8 | \$ 5.2 | \$ 0.2 | \$ 418.2 |
| Organic growth | | 41.4 | (10.9) | 7.0 | 4.5 | 2.8 | (0.2) | 44.6 |
| Acquisition in current year | | 21.7 | | | | | | 21.7 |
| Impact of foreign currency translation | | 10.0 | 2.1 | | | 0.1 | | 12.2 |
| Coalition profit | 2011 period | \$ 320.9 | \$ 109.7 | \$ 39.7 | \$ 18.3 | \$ 8.1 | \$ | \$ 496.7 |

| | | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 | \$0,000.00 |
|---|-------------|--|------------------|------------------|-------------------|--------------------------------|--------------|--------------|
| | | Nine Months | | | | | | |
| In millions | | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Other | Total |
| Coalition profit | 2010 period | \$ 456.4 | \$ 320.0 | \$ 81.6 | \$ 30.7 | \$ 21.9 | \$ (1.1) | \$ 909.5 |
| Organic growth | | 61.9 | 3.3 | 35.2 | 6.7 | 6.4 | (1.0) | 112.5 |
| Acquisition in current year | | 21.7 | | | | | | 21.7 |
| Acquisition in prior year (to anniversary date) | | 0.6 | | | | | | 0.6 |
| Impact of foreign currency translation | | 13.7 | 3.9 | 0.1 | | 0.1 | 0.1 | 17.9 |
| Coalition profit | 2011 period | \$ 554.3 | \$ 327.2 | \$ 116.9 | \$ 37.4 | \$ 28.4 | \$ (2.0) | \$ 1,062.2 |

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The following section discusses the change in revenues and profitability by coalition:

Outdoor & Action Sports:

| Dollars in millions | Third Quarter | | | Nine Months | | |
|---------------------|---------------|------------|----------------|-------------|------------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Coalition revenues | \$ 1,436.8 | \$ 1,045.1 | 37.5% | \$ 2,943.0 | \$ 2,308.1 | 27.5% |
| Coalition profit | 320.9 | 247.8 | 29.5% | 554.3 | 456.4 | 21.5% |
| Operating margin | 22.3% | 23.7% | | 18.8% | 19.8% | |

Global Outdoor & Action Sports revenues increased 37% in the 2011 quarter, reflecting organic growth of 22% and \$163.6 million of revenues from the addition of Timberland to this coalition. Outdoor & Action Sports revenues in the Americas increased 21% in the third quarter of 2011 (13% excluding Timberland) and international revenues rose 66% (38% excluding Timberland). Of the 38% increase in organic international revenues, 9% was attributable to foreign currency translation. Nearly all Outdoor & Action Sports brands achieved double-digit growth in the quarter, with the two largest brands *The North Face*® and *Vans*® achieving global revenue growth of 22% and 25%, respectively. In addition, revenues of the *Kipling*® and *Napapijri*® brands increased 30% and 23%, respectively. Coalition revenues in Asia increased 81% in the third quarter of 2011 (50% excluding Timberland). Direct-to-consumer revenues in this coalition rose 31% in the 2011 quarter (20% excluding Timberland), with increases of 29% and 18% in *The North Face*® and *Vans*® direct-to-consumer businesses, respectively. Direct-to-consumer revenue growth was driven by new store openings, comp store revenue growth and an expanding e-commerce business.

Global Outdoor & Action Sports revenues increased 28% in the first nine months of 2011, over the prior year period, reflecting 20% organic growth and 8% from the Timberland acquisition. Outdoor & Action Sports revenues in the Americas increased 17% in the first nine months of 2011 (13% excluding Timberland) and international revenues rose 46% (33% excluding Timberland). Of the 33% increase in organic international revenues, 7% was attributable to foreign currency translation. Revenues of nearly all brands within this coalition increased in the first nine months of 2011, compared with the prior year period, with *The North Face*®, *Vans*® and *Kipling*® posting increases of 21%, 22% and 32%, respectively. Coalition revenues in Asia increased 57% in the first nine months of 2011 (45% excluding Timberland). Direct-to-consumer revenues increased by 22% in the first nine months of 2011, compared with the prior year period.

Operating margin decreased in the third quarter and first nine months of 2011, compared with the prior year periods, due to (i) lower gross margins related to higher product costs, net of price increases and (ii) acquisition-related expenses for Timberland that negatively impacted the ratios by 1.2% and 0.6%, respectively. The declines in the 2011 ratios were partially offset by leverage of operating expenses on higher revenues, compared with the 2010 periods. Excluding Timberland and acquisition-related expenses, operating margin was 23.5% in the third quarter of 2011, compared with 23.7% in the third quarter of 2010, and 19.2% in the first nine months of 2011, compared with 19.8% in the prior year period.

Jeanswear:

| Dollars in millions | Third Quarter | | | Nine Months | | |
|---------------------|---------------|----------|----------------|-------------|------------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Coalition revenues | \$ 727.6 | \$ 671.0 | 8.4% | \$ 2,020.2 | \$ 1,849.1 | 9.3% |
| Coalition profit | 109.7 | 118.5 | (7.4)% | 327.2 | 320.0 | 2.3% |
| Operating margin | 15.1% | 17.7% | | 16.2% | 17.3% | |

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Domestic jeanswear revenues increased 2% in the third quarter of 2011 over the 2010 quarter with accelerating growth in the *Lee*[®] and western businesses, partially offset by a slight decline in mass market revenues. International jeanswear revenues increased 22%, of which 6% was due to the impact of foreign currency translation. Asia revenues rose by more than 50% and Mexico and Latin America each had double-digit revenue growth. European jeanswear revenues increased 12%, primarily attributable to favorable foreign currency translation.

Domestic jeanswear revenues increased 5% in the first nine months of 2011 over the prior year period. International jeanswear revenues increased 20%, of which 5% was due to the impact of foreign currency translation. International revenue growth was led by Asia, Mexico and Latin America, which all increased by more than 20%.

The decline in operating margin in both 2011 periods was driven by higher product costs that were not fully offset by pricing increases within our domestic jeanswear businesses. The operating margin in the first nine months of 2011 benefited by 0.5% from the gain on a facility closure in the second quarter of 2011 and 0.5% from restructuring expenses in the first nine months of 2010 that did not recur in 2011.

Imagewear:

| Dollars in millions | Third Quarter | | | Nine Months | | |
|---------------------|---------------|----------|----------------|-------------|----------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Coalition revenues | \$ 277.6 | \$ 243.1 | 14.2% | \$ 768.4 | \$ 675.6 | 13.7% |
| Coalition profit | 39.7 | 32.7 | 21.4% | 116.9 | 81.6 | 43.3% |
| Operating margin | 14.3% | 13.5% | | 15.2% | 12.1% | |

The Imagewear Coalition consists of VF's Image business (occupational apparel and uniforms) and Licensed Sports business (licensed high profile sports and lifestyle apparel).

Image revenues increased 18% in the third quarter of 2011 and 21% in the first nine months of 2011, driven primarily by continued strength in the protective apparel and industrial uniform businesses. Revenues in the Licensed Sports business rose 11% in the third quarter of 2011 and 6% in the first nine months of 2011 primarily due to an increase in the National Football League licensed apparel business, including a positive response to an expanded women's apparel offering.

Operating margin comparisons for the Imagewear Coalition improved in both 2011 periods primarily due to a more favorable mix of business and leverage of operating expenses on higher revenues.

Sportswear:

| Dollars in millions | Third Quarter | | | Nine Months | | |
|---------------------|---------------|----------|----------------|-------------|----------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Coalition revenues | \$ 151.8 | \$ 129.0 | 17.7% | \$ 384.0 | \$ 340.3 | 12.8% |
| Coalition profit | 18.3 | 13.8 | 32.6% | 37.4 | 30.7 | 21.8% |
| Operating margin | 12.1% | 10.7% | | 9.7% | 9.0% | |

The Sportswear Coalition consists of the *Nautica*[®] and *Kipling*[®] brand businesses in North America (the *Kipling*[®] brand outside of North America is managed by and included in the Outdoor & Action Sports Coalition). *Nautica*[®] brand revenues increased 13% in the third quarter and 9% in the first nine months of 2011, compared with the prior year periods, driven by increases in the men's wholesale sportswear and direct-to-consumer businesses. *Kipling*[®]

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brand revenues increased 63% in the third quarter of 2011 and 58% in the first nine months of 2011, reflecting significant increases in both the wholesale and direct-to-consumer businesses.

Operating margin comparisons in both 2011 periods improved primarily due to a more favorable mix of business and leverage of operating expenses on higher revenues, partially offset by higher product costs in the *Nautica*[®] business.

Contemporary Brands:

| Dollars in millions | Third Quarter | | | Nine Months | | |
|---------------------|---------------|----------|----------------|-------------|----------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Coalition revenues | \$ 126.2 | \$ 113.3 | 11.4% | \$ 356.2 | \$ 323.5 | 10.1% |
| Coalition profit | 8.1 | 5.2 | 55.8% | 28.4 | 21.9 | 29.7% |
| Operating margin | 6.4% | 4.6% | | 8.0% | 6.8% | |

Domestic and international revenues both rose 11% in the third quarter of 2011 over the 2010 quarter, led by double-digit revenue growth in the *Splendid*[®], *Ella Moss*[®] and *John Varvatos*[®] brands. Global *7 For All Mankind*[®] revenues increased 8% in the 2011 quarter, with growth both domestically and internationally. New stores, comp store revenue growth and higher e-commerce revenue drove 31% growth in direct-to-consumer revenues for this coalition.

Domestic and international revenues increased 10% and 11%, respectively, in the first nine months of 2011 compared with the prior year period. Global direct-to-consumer revenues increased 39% in the first nine months of 2011 compared with the 2010 period.

The operating margin improvement in the third quarter and first nine months of 2011, compared with the 2010 periods, was due to the (i) write-off of fixtures at five underperforming stores in the third quarter of 2010 that did not recur in 2011 and (ii) a more favorable mix of business. These increases were partially offset by investments in new retail stores and higher marketing spending.

Other:

| Dollars in millions | Third Quarter | | | Nine Months | | |
|---------------------|---------------|---------|----------------|-------------|---------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Coalition revenues | \$ 30.1 | \$ 30.9 | (2.6)% | \$ 77.2 | \$ 79.8 | (3.3)% |
| Coalition profit | | 0.2 | (100.0)% | (2.0) | (1.1) | 81.8% |
| Operating margin | 0.0% | 0.6% | | (2.6)% | (1.4)% | |

VF operates outlet stores in the United States that sell VF and other branded products. Revenues and profits of VF products sold in these stores are reported as part of the operating results of the applicable coalition, while revenues and profits of non-VF products are reported in this Other category.

Reconciliation of Coalition Profit to Income Before Income Taxes:

There are two types of costs necessary to reconcile total Coalition Profit, as discussed in the preceding paragraphs, to consolidated Income Before Income Taxes. These costs are (i) Corporate and Other Expenses, discussed below, and (ii) Interest, Net, which was discussed in the previous Consolidated Statements of Income section.

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| Dollars in millions | Third Quarter | | | Nine Months | | |
|----------------------------|---------------|-----------|----------------|-------------|------------|----------------|
| | 2011 | 2010 | Percent Change | 2011 | 2010 | Percent Change |
| Corporate & Other Expenses | \$ (73.0) | \$ (63.1) | 15.7% | \$ (179.9) | \$ (153.2) | 17.4% |
| Interest, Net | (19.3) | (19.9) | (3.0)% | (48.7) | (60.0) | (18.8)% |

Corporate and Other Expenses include any corporate headquarters costs and other expenses that have not been allocated to the coalitions for internal management reporting. Other expenses include defined benefit pension plan costs other than service cost, development costs for management information systems, costs of maintaining and enforcing VF trademarks, adjustments to convert the earnings of certain business units using the FIFO inventory valuation method to the LIFO method and miscellaneous consolidating adjustments.

The increase in Corporate and Other Expenses in the third quarter and first nine months of 2011 over the prior year periods resulted from (i) expenses related to the Timberland transaction and (ii) higher levels of corporate spending and information systems costs due to overall business growth. Corporate and Other Expenses in the first nine months of 2011 were reduced by \$8.0 million from an inventory accounting change in the first quarter of 2011. Corporate and Other Expenses in the first nine months of 2010 were reduced by a \$5.7 million gain related to the acquisition of Vans Mexico in the first quarter of 2010.

Analysis of Financial Condition**Balance Sheets**

The Timberland acquisition significantly impacted the September 2011 Consolidated Balance Sheet. Accordingly, the table below presents the September 2011 balance sheet accounts excluding the Timberland balances so that they are comparable with the December 2010 and September 2010 balances.

| In millions | September 2011 | | | December 2010 | September 2010 |
|--------------------------------|----------------|------------|-------------------------|---------------|----------------|
| | As Reported | Timberland | VF excluding Timberland | | |
| Accounts Receivable | \$ 1,547.7 | \$ 315.2 | \$ 1,232.6 | \$ 773.1 | \$ 1,098.9 |
| Inventories | 1,777.9 | 339.5 | 1,438.4 | 1,070.7 | 1,211.3 |
| Property, Plant and Equipment | 704.9 | 83.9 | 621.0 | 602.9 | 598.2 |
| Intangible Assets and Goodwill | 5,055.9 | 2,371.7 | 2,684.1 | 2,657.6 | 2,885.5 |
| Other Assets | 415.8 | 33.9 | 381.9 | 371.0 | 322.7 |
| Accounts Payable | 666.8 | 131.1 | 535.8 | 511.0 | 482.1 |
| Accrued Liabilities | 849.2 | 219.6 | 629.6 | 559.2 | 623.4 |
| Other Liabilities | 1,162.2 | 613.3 | 548.9 | 550.9 | 659.0 |

Unless noted otherwise, the discussion that follows relates to VF's businesses excluding the Timberland balances acquired.

Accounts Receivable at September 2011 increased over the December 2010 and September 2010 balances due to significant growth in wholesale revenues near the end of the third quarter of 2011. In addition, Accounts Receivable at September 2011 were higher than at December 2010 due to seasonal sales and collection patterns.

Inventories at September 2011 increased over December 2010 and September 2010 balances due primarily to increased unit volumes to support projected revenue growth and higher product costs. The increase in inventories at September 2011 over December 2010 also reflects the higher seasonal requirements of our businesses.

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Property, Plant and Equipment was higher at September 2011 than at December 2010 and September 2010, resulting from capital spending in excess of depreciation expense during those periods. Capital spending related primarily to new retail stores, distribution facilities and information technology.

Total Intangible Assets and Goodwill at September 2011 were lower than September 2010 due to the goodwill and intangible asset impairment charge in the fourth quarter of 2010 and amortization expense, partially offset by the *Rock and Republic*® trademarks acquisition in the first quarter of 2011. Total Intangible Assets and Goodwill were higher at September 2011, compared with December 2010, due to the *Rock and Republic*® trademarks acquisition, partially offset by amortization expense.

Other Assets increased at September 2011 over September 2010 due to deferred income taxes, resulting primarily from the goodwill and intangible asset impairment charge mentioned above.

Short-term Borrowings at September 2011 consisted of \$798.9 million of domestic commercial paper borrowings, \$302.6 million of euro borrowings under the international revolving bank credit facility and \$44.3 million under other international borrowing agreements. The increase over the December 2010 and September 2010 balances resulted primarily from borrowings to provide funding for the Timberland acquisition and meet working capital requirements. Most of these borrowings at September 2011 are expected to be repaid by year-end. Short-term borrowings fluctuate throughout the year in relation to working capital requirements and other investing and financing activities. See the Liquidity and Cash Flows section below for a discussion of these items.

Total Long-term Debt at September 2011 was higher than December 2010 and September 2010 due to the issuance of \$900.0 million of term debt in the third quarter of 2011 to provide funding for the Timberland acquisition.

The changes in Accounts Payable between September 2011, December 2010 and September 2010 were driven by the timing of inventory purchases and payments to vendors at the respective dates.

The increase in Accrued Liabilities at September 2011 over December 2010 was due to higher accrued income taxes and overall growth in our businesses.

Other Liabilities at September 2011 were lower than September 2010 due primarily to a reduction in deferred tax liabilities resulting from the goodwill and intangible asset impairment charge in the fourth quarter of 2010 and lower pension liabilities. The lower pension liabilities were driven by an improvement in the funded status of the defined benefit pension plans, primarily due to a contribution of \$100.0 million to the domestic qualified pension plan in the fourth quarter of 2010.

Liquidity and Cash Flows

The financial condition of VF is reflected in the following:

| Dollars in millions | September 2011 | December 2010 | September 2010 |
|-----------------------------|-------------------|------------------|-------------------|
| Working capital | \$ 1,277.8 | \$ 1,716.6 | \$ 1,727.4 |
| Current ratio | 1.5 to 1 | 2.5 to 1 | 2.5 to 1 |
| Debt to total capital ratio | 40.1% | 20.2% | 20.1% |

For the ratio of debt to total capital, debt is defined as short-term and long-term borrowings, and total capital is defined as debt plus stockholders equity. The ratio of net debt to total capital, with net debt defined as debt less cash and equivalents, was 37.2% at September 2011.

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On an annual basis, VF's primary source of liquidity is its cash flow from operations. Cash from operations is primarily dependent on the level of Net Income and changes in accounts receivable, inventories, accounts payable and other working capital components. Cash from operations is typically lower in the first half of the year as working capital is built to service operations in the seasonally higher second half of the year. Cash from operations is substantially higher in the fourth quarter of the year, resulting from the collection of accounts receivable arising from seasonally higher wholesale sales in the third quarter. In addition, cash flows from the direct-to-consumer businesses are highest in the fourth quarter of the year.

For the nine months ended September 2011, cash used by operating activities was \$28.8 million, compared with \$448.6 million of cash provided by operating activities in the comparable 2010 period. While Net Income increased by \$114.2 million in the first nine months of 2011 over the 2010 period, operating cash flow was negatively impacted by working capital components, including changes in accounts receivable, inventory, accounts payable and accrued liabilities balances as discussed in the Balance Sheets section above.

VF has an agreement with a financial institution to sell selected trade accounts receivable on a nonrecourse basis. This agreement allows VF to have up to \$237.5 million of accounts receivable held by the financial institution at any point in time. At the end of September 2011, accounts receivable in the Consolidated Balance Sheet had been reduced by \$133.9 million related to balances sold under this program, an increase of \$21.6 million from the amounts sold as of the end of 2010. At the end of September 2010, accounts receivable in the Consolidated Balance Sheet had been reduced by \$118.5 million related to balances sold under this program, an increase of \$44.3 million from the amounts sold as of the end of 2009.

On August 24, 2011, VF issued \$900 million of term debt to provide funding for the Timberland acquisition. The debt is comprised of \$500 million of 3.5% fixed rate notes due September 1, 2021 and \$400 million of floating rate notes due August 23, 2013. The floating rate notes bear interest at the three-month LIBOR rate plus .75%, which resets quarterly. Interest payments are due quarterly on the floating rate notes and semi-annually on the fixed rate notes. These notes are unsecured and contain covenants consistent with VF's other term debt.

VF relies on continued strong cash generation to finance ongoing operations. In addition, VF has significant liquidity from its available cash balances and debt capacity, supported by its strong credit rating. During the quarter, VF increased its \$1.0 billion commercial paper program to \$1.2 billion. Additionally, VF supplemented its \$1.0 billion senior unsecured domestic revolving credit facility, which serves as a back-up to the commercial paper program, by entering into unsecured revolving credit agreements with three banks totaling \$200.0 million. The new credit agreements mature on the earlier of March 2012 or the date the existing \$1.0 billion domestic revolving credit agreement is refinanced, replaced or terminated. At the end of September 2011, \$378.3 million was available under domestic short-term borrowing agreements, with \$22.7 million of standby letters of credit issued under the \$1.0 billion domestic revolving credit agreement. Also at the end of September 2011, 25 million (U.S. dollar equivalent of \$33.6 million) was available for borrowing under VF's 250 million (U.S. dollar equivalent of \$336.2 million) senior unsecured international revolving bank credit facility.

VF's liquidity position is also enhanced by its favorable credit agency ratings, which allow for access to additional capital at competitive rates. At the end of the third quarter of 2011, VF's long-term debt ratings were A minus by Standard & Poor's Ratings Services and A3 by Moody's Investors Service, and commercial paper ratings were A-2 and Prime-2, respectively, by those rating agencies. Although Moody's maintains a stable outlook for VF, Standard & Poor's issued a negative outlook as a result of VF's acquisition of Timberland. Existing long-term debt agreements do not contain acceleration of maturity clauses based solely on changes in credit ratings. However, if there were a change in control of VF and, as a result of the change in control, the notes issued in 2007 and 2011 were rated below investment grade by recognized rating agencies, then VF would be obligated to repurchase the notes at 101% of the aggregate principal amount of notes repurchased, plus any accrued and unpaid interest.

Investing activities in the first nine months of 2011 included the Timberland acquisition, the *Rock and Republic*® trademarks acquisition and capital spending. Capital spending could reach \$200 million for the full year 2011, primarily reflecting the need for office and distribution space for the global expansion of the Outdoor & Action Sports businesses as well as an accelerated retail store opening plan for many of our businesses. This spending will be funded by operating cash flows.

During the first nine months of 2011, VF repurchased 70,849 of its own shares at a cost of \$6.9 million (average price of \$97.97 per share). VF repurchased 4.1 million shares at a cost of \$322.2 million (average price of \$79.36 per share) in the first nine months of 2010. The shares repurchased in the first nine months of 2011, and 111,972 of

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the shares repurchased in the first nine months of 2010, were related to VF's deferred compensation plans. The total remaining authorization for share repurchase approved by the VF Board of Directors is 6.5 million shares as of the end of September 2011. VF will continue to evaluate future share repurchases considering funding required for business acquisitions, VF's Common Stock price and levels of stock option exercises.

Management's Discussion and Analysis in the 2010 Form 10-K provided a table summarizing VF's contractual obligations and commercial commitments at the end of 2010 that would require the use of funds. Since filing the 2010 Form 10-K, there have been no material changes relating to VF's contractual obligations and commercial commitments that will require the use of funds, except as noted below:

Inventory purchase obligations representing binding commitments to purchase finished goods, raw materials and sewing labor in the ordinary course of business increased by approximately \$700 million at the end of September 2011 due to the seasonality of VF's businesses and the acquisition of Timberland.

Operating lease commitments increased by approximately \$300 million at the end of September 2011 due primarily to the acquisition of Timberland.

Management believes that VF's cash balances and funds provided by operating activities, as well as unused bank credit lines, additional borrowing capacity and access to debt and equity markets, taken as a whole, provide (i) adequate liquidity to meet all of its current and long-term obligations when due, (ii) adequate liquidity to fund capital expenditures and to maintain its dividend payout policy and (iii) flexibility to meet investment opportunities that may arise.

Critical Accounting Policies and Estimates

Management has chosen accounting policies that it considers to be appropriate to accurately and fairly report VF's operating results and financial position in conformity with generally accepted accounting principles (GAAP) in the United States. Accounting policies are applied in a consistent manner. Significant accounting policies are summarized in Note A to the Consolidated Financial Statements included in the 2010 Form 10-K.

The application of these accounting policies requires management to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues, expenses, contingent assets and liabilities, and related disclosures. These estimates, assumptions and judgments are based on historical experience, current trends and other factors believed to be reasonable under the circumstances. Management evaluates these estimates and assumptions and may retain outside consultants to assist in the evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known.

The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the consolidated financial statements, or are the most sensitive to change from outside factors, are discussed in Management's Discussion and Analysis in the 2010 Form 10-K. There have been no material changes in these policies, except as disclosed in Note B to the Consolidated Financial Statements.

Cautionary Statement on Forward-Looking Statements

From time to time, VF may make oral or written statements, including statements in this Quarterly Report that constitute forward-looking statements within the meaning of the federal securities laws. These include statements concerning plans, objectives, projections and expectations relating to VF's operations or economic performance, and assumptions related thereto. Forward-looking statements are made based on management's expectations and beliefs concerning future events impacting VF and therefore involve a number of risks and uncertainties. Forward-looking statements are not guarantees and 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 Quarterly Report on Form 10-Q include the overall level of consumer spending for apparel; the level of consumer confidence; fluctuations in the price, availability and quality of raw materials and contracted products; disruption and volatility in the global capital and credit markets; VF's reliance on a small number of large customers; the financial strength of VF's

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customers; changing fashion trends and consumer demand; increasing pressure on margins; VF's ability to implement its growth strategy; VF's ability to grow its international and direct-to-consumer businesses; VF's ability to successfully integrate and grow acquisitions; VF's ability to maintain the strength and security of its 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; 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.

Item 3 Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes in VF's market risk exposures from what was disclosed in Item 7A in the 2010 Form 10-K.

Item 4 Controls and Procedures

Disclosure controls and procedures:

Under the supervision of the Chief Executive Officer and Chief Financial Officer, a Disclosure Committee comprising various members of management has evaluated the effectiveness of the disclosure controls and procedures at VF and its subsidiaries as of the end of the period covered by this Quarterly Report (the Evaluation Date). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded as of the Evaluation Date that such controls and procedures were effective.

Changes in internal control over financial reporting:

On September 13, 2011, VF completed the acquisition of Timberland. VF is still in the process of integrating Timberland and is analyzing, evaluating and, where possible, implementing changes in controls and procedures relating to Timberland as integration proceeds. As a result, this process may result in additions or changes to our internal control over financial reporting. Otherwise, there were no changes in VF's internal control over financial reporting during the third quarter of 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II Other Information

Item 1A Risk Factors

The anticipated benefits of the Timberland acquisition may not be fully realized and may take longer to realize than expected.

On September 13, 2011, VF purchased 100% of the common stock of The Timberland Company. The acquisition will involve the integration of Timberland's operations with our existing operations. There are uncertainties in such integration. Our ability to integrate the operations of Timberland successfully will depend on our ability to devote management attention and resources. Completing the integration process may be more expensive than anticipated, and we cannot assure that we will be able to effect the integration of Timberland's operations smoothly or efficiently or that the anticipated benefits of the acquisition will be achieved. Although the Timberland business is generally subject to risks similar to those to which we are subject to in existing businesses, we may not have discovered during the due diligence process all known and unknown factors regarding Timberland that could produce unexpected consequences. Undiscovered factors may result in our incurring financial liabilities, which could be material, and in our not achieving the expected benefits from the acquisition within our desired time frames, if at all.

There have been no other material changes to the risk factors from those disclosed in the 2010 Form 10-K.

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(c) Issuer purchases of equity securities:

| | | Total Number of Shares Purchased | Weighted Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs | Maximum Number of Shares that May Yet be Purchased Under the Program (1) |
|---------------------------|-----------------|---|--|--|--|
| Third Quarter 2011 | | | | | |
| July 3 | July 30, 2011 | 4,960 | \$ 110.71 | 4,960 | 6,506,986 |
| July 31 | August 27, 2011 | 8,990 | 110.91 | 8,990 | 6,497,996 |
| August 28 | October 1, 2011 | 1,900 | 120.42 | 1,900 | 6,496,096 |
| Total | | 15,850 | | 15,850 | |

(1) During the quarter, 15,850 shares of Common Stock were purchased in connection with VF's deferred compensation plans. VF will continue to evaluate future share repurchases considering funding required for business acquisitions, VF's Common Stock price and levels of stock option exercises.

Item 6 Exhibits

- 31.1 Certification of the principal executive officer, Eric C. Wiseman, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of the principal financial officer, Robert K. Shearer, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of the principal executive officer, Eric C. Wiseman, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the principal financial officer, Robert K. Shearer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

V.F. CORPORATION

(Registrant)

By: /s/ Robert K. Shearer
Robert K. Shearer
Senior Vice President and
Chief Financial Officer
(Chief Financial Officer)

Date: November 10, 2011

By: /s/ Bradley W. Batten
Bradley W. Batten
Vice President Controller
(Chief Accounting Officer)