

V F CORP
Form 10-Q
May 08, 2013
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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 March 30, 2013

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

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

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Greensboro, North Carolina 27408

(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 April 27, 2013, there were 109,523,539 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)**

| | March 2013 | December 2012 | March 2012 |
|--|-----------------------|--------------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and equivalents | \$ 300,437 | \$ 597,461 | \$ 325,649 |
| Accounts receivable, less allowance for doubtful accounts of: March 2013 \$50,703; December 2012 \$48,998; March 2012 \$52,916 | 1,208,682 | 1,222,345 | 1,206,179 |
| Inventories | 1,409,443 | 1,354,158 | 1,516,446 |
| Other current assets | 341,065 | 275,619 | 315,059 |
| Total current assets | 3,259,627 | 3,449,583 | 3,363,333 |
| Property, plant and equipment | 866,251 | 828,218 | 729,079 |
| Intangible assets | 2,897,701 | 2,917,058 | 2,956,312 |
| Goodwill | 2,000,703 | 2,009,757 | 2,018,839 |
| Other assets | 466,992 | 428,405 | 435,754 |
| Total assets | \$ 9,491,274 | \$ 9,633,021 | \$ 9,503,317 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | |
| Current liabilities | | | |
| Short-term borrowings | \$ 182,206 | \$ 12,559 | \$ 680,500 |
| Current portion of long-term debt | 402,910 | 402,873 | 2,789 |
| Accounts payable | 432,918 | 562,638 | 537,531 |
| Accrued liabilities | 687,366 | 754,142 | 683,500 |
| Total current liabilities | 1,705,400 | 1,732,212 | 1,904,320 |
| Long-term debt | 1,428,496 | 1,429,166 | 1,831,113 |
| Other liabilities | 1,268,384 | 1,346,018 | 1,316,216 |
| Commitments and contingencies | | | |
| Stockholders equity | | | |
| Preferred Stock, par value \$1; shares authorized, 25,000,000: no shares outstanding at March 2013, December 2012 or March 2012 | | | |
| Common Stock, stated value \$1; shares authorized, 300,000,000; shares outstanding: March 2013 109,257,442 ; December 2012 110,204,734; March 2012 109,296,385 | 109,257 | 110,205 | 109,296 |
| Additional paid-in capital | 2,595,430 | 2,527,868 | 2,384,636 |
| Accumulated other comprehensive income (loss) | (423,135) | (453,895) | (376,979) |
| Retained earnings | 2,807,442 | 2,941,447 | 2,335,520 |
| Total equity attributable to VF Corporation | 5,088,994 | 5,125,625 | 4,452,473 |
| Noncontrolling interests | | | (805) |

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| | | | |
|--|--------------|--------------|--------------|
| Total stockholders' equity | 5,088,994 | 5,125,625 | 4,451,668 |
| Total liabilities and stockholders' equity | \$ 9,491,274 | \$ 9,633,021 | \$ 9,503,317 |

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 March | |
|---|-------------------------------------|--------------|
| | 2013 | 2012 |
| Net sales | \$ 2,582,230 | \$ 2,527,417 |
| Royalty income | 29,639 | 29,038 |
| Total revenues | 2,611,869 | 2,556,455 |
| Costs and operating expenses | | |
| Cost of goods sold | 1,355,277 | 1,388,866 |
| Marketing, administrative and general expenses | 898,864 | 853,487 |
| | 2,254,141 | 2,242,353 |
| Operating income | 357,728 | 314,102 |
| Interest income | 490 | 1,038 |
| Interest expense | (21,008) | (23,345) |
| Other income (expense), net | 1,039 | 1,746 |
| Income before income taxes | 338,249 | 293,541 |
| Income taxes | 67,832 | 78,314 |
| Net income | 270,417 | 215,227 |
| Net (income) loss attributable to noncontrolling interests | | (11) |
| Net income attributable to VF Corporation | \$ 270,417 | \$ 215,216 |
| Earnings per common share attributable to VF Corporation common stockholders | | |
| Basic | \$ 2.46 | \$ 1.95 |
| Diluted | 2.41 | 1.91 |
| Cash dividends per common share | \$ 0.87 | \$ 0.72 |

See notes to consolidated financial statements.

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

| | Three Months Ended March | |
|--|-------------------------------------|-------------|
| | 2013 | 2012 |
| Net income | \$ 270,417 | \$ 215,227 |
| Other comprehensive income (loss): | | |
| Foreign currency translation | | |
| Gains (losses) arising during the period | (16,945) | 49,494 |
| Less income tax effect | 3,147 | (11,822) |
| Defined benefit pension plans | | |
| Amortization of net deferred actuarial losses | 21,362 | 17,618 |
| Amortization of deferred prior service cost | 341 | 839 |
| Less income tax effect | (8,844) | (6,957) |
| Derivative financial instruments | | |
| Gains (losses) arising during the period | 55,493 | (7,711) |
| Less income tax effect | (21,809) | 2,972 |
| Reclassification to net income for (gains) losses realized | (3,838) | 560 |
| Less income tax effect | 1,508 | (216) |
| Marketable securities | | |
| Gains (losses) arising during the period | 345 | (279) |
| Other comprehensive income (loss) | 30,760 | 44,498 |
| Comprehensive income | 301,177 | 259,725 |
| Comprehensive (income) attributable to noncontrolling interests | | (11) |
| Comprehensive income attributable to VF Corporation | \$ 301,177 | \$ 259,714 |

See notes to consolidated financial statements.

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

| | Three Months Ended March | |
|--|-------------------------------------|-------------|
| | 2013 | 2012 |
| Operating activities | | |
| Net income | \$ 270,417 | \$ 215,227 |
| Adjustments to reconcile net income to cash provided (used) by operating activities: | | |
| Depreciation | 36,490 | 35,064 |
| Amortization of intangible assets | 11,525 | 12,181 |
| Other amortization | 9,933 | 5,658 |
| Stock-based compensation | 23,209 | 22,922 |
| Provision for doubtful accounts | 5,516 | 4,199 |
| Pension expense in excess of (less than) contributions | (86,854) | 17,829 |
| Other, net | 53,213 | 17,157 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (8,938) | (73,491) |
| Inventories | (62,263) | (55,174) |
| Other current assets | (68,034) | (6,657) |
| Accounts payable | (127,139) | (188,949) |
| Accrued compensation | (68,880) | (93,453) |
| Accrued income taxes | (18,791) | 7,242 |
| Accrued liabilities | 32,772 | (30,459) |
| Other assets and liabilities | 9,498 | (1,433) |
| Cash provided (used) by operating activities | 11,674 | (112,137) |
| Investing activities | | |
| Capital expenditures | (102,227) | (25,140) |
| Software purchases | (10,547) | (13,370) |
| Other, net | (2,225) | 6,341 |
| Cash used by investing activities | (114,999) | (32,169) |
| Financing activities | | |
| Net increase in short-term borrowings | 169,754 | 397,595 |
| Payments on long-term debt | (707) | (698) |
| Purchases of Common Stock | (281,370) | (210,840) |
| Cash dividends paid | (96,263) | (79,924) |
| Proceeds from issuance of Common Stock, net | (7,598) | (2,164) |
| Tax benefits of stock option exercises | 24,222 | 22,055 |
| Cash provided (used) by financing activities | (191,962) | 126,024 |
| Effect of foreign currency rate changes on cash and equivalents | (1,737) | 2,703 |
| Net change in cash and equivalents | (297,024) | (15,579) |
| Cash and equivalents beginning of year | 597,461 | 341,228 |
| Cash and equivalents end of period | \$ 300,437 | \$ 325,649 |

See notes to consolidated financial statements.

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VF CORPORATION

Consolidated Statements of Stockholders' Equity

(Unaudited)

(In thousands)

| | VF Corporation Stockholders' Equity | | | | |
|--|-------------------------------------|----------------------------------|--|----------------------|----------------------------------|
| | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Non- controlling Interests |
| Balance, December 2011 | \$ 110,557 | \$ 2,316,107 | \$ (421,477) | \$ 2,520,804 | \$ (816) |
| Net income | | | | 1,085,999 | 139 |
| Dividends on Common Stock | | | | (333,229) | |
| Purchase of treasury stock | (2,000) | | | (295,074) | |
| Stock compensation plans, net | 1,666 | 211,761 | | (34,435) | |
| Common Stock held in trust for deferred compensation plans | (18) | | | (2,618) | |
| Disposition of noncontrolling interests | | | | | 677 |
| Foreign currency translation | | | 47,091 | | |
| Defined benefit pension plans | | | (63,845) | | |
| Derivative financial instruments | | | (15,263) | | |
| Marketable securities | | | (401) | | |
| Balance, December 2012 | 110,205 | 2,527,868 | (453,895) | 2,941,447 | |
| Net income | | | | 270,417 | |
| Dividends on Common Stock | | | | (96,263) | |
| Purchase of treasury stock | (1,700) | | | (278,176) | |
| Stock compensation plans, net | 757 | 67,562 | | (29,157) | |
| Common Stock held in trust for deferred compensation plans | (5) | | | (826) | |
| Foreign currency translation | | | (13,798) | | |
| Defined benefit pension plans | | | 12,859 | | |
| Derivative financial instruments | | | 31,354 | | |
| Marketable securities | | | 345 | | |
| Balance, March 2013 | \$ 109,257 | \$ 2,595,430 | \$ (423,135) | \$ 2,807,442 | \$ |

See notes to consolidated financial statements.

Table of Contents**VF CORPORATION****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 March 2013, December 2012 and March 2012 relate to the fiscal periods ended on March 30, 2013, December 29, 2012 and March 31, 2012, 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 2012 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 months ended March 2013 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 28, 2013. 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 2012 ("2012 Form 10-K").

Note B Acquisitions and Dispositions

On April 30, 2012, VF sold its 80% ownership in John Varvatos Enterprises, Inc. ("John Varvatos"). VF recorded a \$42.0 million gain on the sale which was included in other income (expense), net during the second quarter of 2012.

Note C Sale of Accounts Receivable

VF has an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis. Under the agreement, up to \$237.5 million of accounts receivable may be sold to the financial institution and remain outstanding at any point in time. After the sale, VF does not retain any interests in the accounts receivable and removes them from the Consolidated Balance Sheets, but continues to service and collect outstanding accounts receivable on behalf of the financial institution. At March 2013, December 2012 and March 2012, accounts receivable had been reduced by \$149.1 million, \$127.4 million and \$156.6 million, respectively, related to balances sold under this program. During the three months ended March 2013, VF sold \$298.1 million of accounts receivable at their stated amounts, less a funding fee charged by the financial institution. The funding fee is recorded in other income (expense), net and totaled \$0.4 million for the first quarter of 2013. Net proceeds of this program are classified in operating activities in the Consolidated Statements of Cash Flows.

Note D Inventories

| In thousands | March 2013 | December 2012 | March 2012 |
|------------------------|---------------|------------------|---------------|
| Finished products | \$ 1,161,302 | \$ 1,099,229 | \$ 1,267,073 |
| Work in process | 93,605 | 98,191 | 89,753 |
| Materials and supplies | 154,536 | 156,738 | 159,620 |
| Total inventories | \$ 1,409,443 | \$ 1,354,158 | \$ 1,516,446 |

Note E Property, Plant and Equipment

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| In thousands | March 2013 | December 2012 | March 2012 |
|--|----------------------|-------------------------|----------------------|
| Land | \$ 52,769 | \$ 54,264 | \$ 53,848 |
| Buildings and improvements | 896,555 | 862,288 | 772,563 |
| Machinery and equipment | 1,099,939 | 1,066,865 | 1,027,807 |
| Property, plant and equipment, at cost | 2,049,263 | 1,983,417 | 1,854,218 |
| Less accumulated depreciation and amortization | 1,183,012 | 1,155,199 | 1,125,139 |
| Property, plant and equipment, net | \$ 866,251 | \$ 828,218 | \$ 729,079 |

Table of Contents**Note F Intangible Assets**

| Dollars in thousands | Weighted Average Amortization Period | Amortization Methods | Cost | March 2013 Accumulated Amortization | Net Carrying Amount | December 2012 Net Carrying Amount |
|-------------------------------------|---|-------------------------------|------------|---|---------------------------|---|
| Amortizable intangible assets: | | | | | | |
| Customer relationships | 19 years | Accelerated | \$ 613,600 | \$ 181,313 | \$ 432,287 | \$ 442,446 |
| License agreements | 24 years | Accelerated and straight-line | 183,634 | 70,090 | 113,544 | 115,742 |
| Trademarks and other | 8 years | Straight-line | 15,935 | 7,780 | 8,155 | 8,748 |
| Amortizable intangible assets, net | | | | | 553,986 | 566,936 |
| Indefinite-lived intangible assets: | | | | | | |
| Trademarks and trade names | | | | | 2,343,715 | 2,350,122 |
| Intangible assets, net | | | | | \$ 2,897,701 | \$ 2,917,058 |

Amortization expense for the first quarter of 2013 was \$11.5 million. Estimated amortization expense for the next five years is:

| Year | Estimated Amortization Expense |
|------|--------------------------------------|
| 2013 | \$ 45.6 |
| 2014 | \$ 44.1 |
| 2015 | \$ 42.1 |
| 2016 | \$ 40.8 |
| 2017 | \$ 39.5 |

Note G Goodwill

Changes in goodwill are summarized by business segment as follows:

| In thousands | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Total |
|------------------------|----------------------------|------------|-----------|------------|------------------------|--------------|
| Balance, December 2012 | \$ 1,422,492 | \$ 228,843 | \$ 58,747 | \$ 157,314 | \$ 142,361 | \$ 2,009,757 |
| Currency translation | (7,259) | (1,795) | | | | (9,054) |
| Balance, March 2013 | \$ 1,415,233 | \$ 227,048 | \$ 58,747 | \$ 157,314 | \$ 142,361 | \$ 2,000,703 |

Accumulated impairment charges as of December 2012 and March 2013, were \$43.4 million, \$58.5 million and \$195.2 million related to the Outdoor & Action Sports, Sportswear and Contemporary Brands Coalitions, respectively.

Note H Pension Plans

The components of pension cost for VF's defined benefit plans were as follows:

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| In thousands | Three Months Ended | |
|--|--------------------|------------------|
| | 2013 | 2012 |
| Service cost benefits earned during the period | \$ 6,893 | \$ 5,811 |
| Interest cost on projected benefit obligations | 18,051 | 19,249 |
| Expected return on plan assets | (23,682) | (20,156) |
| Amortization of deferred amounts: | | |
| Net deferred actuarial losses | 21,362 | 17,618 |
| Deferred prior service cost | 341 | 839 |
| Net periodic pension cost | \$ 22,965 | \$ 23,361 |

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During the first three months of 2013, VF contributed \$109.8 million to its defined benefit plans, which included a \$100.0 million discretionary contribution to its domestic defined benefit plan. VF intends to make approximately \$11.0 million of additional contributions during the remainder of 2013.

Note I 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 | |
|-----------------------------------|---------------------|---------------------|
| | March | |
| | 2013 | 2012 |
| Coalition revenues: | | |
| Outdoor & Action Sports | \$ 1,384,274 | \$ 1,263,967 |
| Jeanswear | 717,929 | 741,711 |
| Imagewear | 252,757 | 277,521 |
| Sportswear | 128,233 | 122,915 |
| Contemporary Brands | 103,727 | 126,904 |
| Other | 24,949 | 23,437 |
| Total coalition revenues | \$ 2,611,869 | \$ 2,556,455 |
| Coalition profit: | | |
| Outdoor & Action Sports | \$ 226,502 | \$ 201,700 |
| Jeanswear | 143,343 | 110,772 |
| Imagewear | 31,586 | 42,926 |
| Sportswear | 12,216 | 10,726 |
| Contemporary Brands | 12,576 | 14,858 |
| Other | (2,657) | (1,610) |
| Total coalition profit | 423,566 | 379,372 |
| Corporate and other expenses | (64,799) | (63,524) |
| Interest, net | (20,518) | (22,307) |
| Income before income taxes | \$ 338,249 | \$ 293,541 |

Note J Capital and Accumulated Other Comprehensive Income (Loss)

Common Stock outstanding is net of shares held in treasury which are, in substance, retired. There were 4,240,051 treasury shares at March 2013, 2,530,401 at December 2012 and 21,462,952 at March 2012. During 2012, VF restored 19,000,000 shares of treasury stock to an unissued status. 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, 183,176 shares of Common Stock at March 2013, 187,456 shares at December 2012 and 239,345 shares at March 2012 were held in connection with deferred compensation plans. These shares, having a cost of \$8.5 million, \$8.8 million and \$11.2 million at the respective dates, are treated as treasury shares for financial reporting purposes.

The deferred components of other comprehensive income (loss) are reported in accumulated other comprehensive income (loss) in stockholders equity, net of related income taxes, as follows:

| In thousands | March 2013 | December 2012 | March 2012 |
|--------------|---------------|------------------|---------------|
|--------------|---------------|------------------|---------------|

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| | | | |
|---|--------------|--------------|--------------|
| Foreign currency translation | \$ (17,866) | \$ (4,068) | \$ (13,487) |
| Defined benefit pension plans | (407,679) | (420,538) | (345,193) |
| Derivative financial instruments | 1,924 | (29,430) | (18,562) |
| Marketable securities | 486 | 141 | 263 |
| Accumulated other comprehensive income (loss) | \$ (423,135) | \$ (453,895) | \$ (376,979) |

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The changes in accumulated other comprehensive income (loss) are as follows:

| In thousands | Foreign Currency Translation | Defined Benefit Pension Plans | Derivative Financial Instruments | Marketable Securities | Total |
|---|------------------------------------|-------------------------------------|--|--------------------------|--------------|
| Beginning balance, December 2012 | \$ (4,068) | \$ (420,538) | \$ (29,430) | \$ 141 | \$ (453,895) |
| Other comprehensive income (loss) before reclassifications | (13,798) | | 33,684 | 345 | 20,231 |
| Amounts reclassified from accumulated other comprehensive income (loss) | | 12,859 | (2,330) | | 10,529 |
| Net other comprehensive income (loss) | (13,798) | 12,859 | 31,354 | 345 | 30,760 |
| Ending balance, March 2013 | \$ (17,866) | \$ (407,679) | \$ 1,924 | \$ 486 | \$ (423,135) |

Reclassifications out of accumulated other comprehensive income (loss) are as follows:

| Details About Accumulated Other Comprehensive Income (Loss) Components | Affected Line Item in the Consolidated Statements of Income (Loss) | Amount Reclassified From Accumulated Other Comprehensive Income (Loss) Three Months Ended March 2013 |
|--|--|--|
| Gains and losses on derivative financial instruments: | | |
| Foreign exchange contracts | Net sales | \$ (155) |
| Foreign exchange contracts | Cost of goods sold | 3,858 |
| Foreign exchange contracts | Other income (expense), net | 1,092 |
| Interest rate contracts | Interest expense | (957) |
| | Total before tax | 3,838 |
| | Tax benefit (expense) | (1,508) |
| | Net of tax | \$ 2,330 |
| Amortization of defined benefit pension plans: | | |
| Net deferred actuarial losses | (a) | \$ (21,362) |
| Deferred prior service cost | (a) | (341) |
| | Total before tax | (21,703) |
| | Tax benefit (expense) | 8,844 |
| | Net of tax | (12,859) |
| Total reclassifications for the period | Net of tax | \$ (10,529) |

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost (see Note H for additional details).

Note K Stock-based Compensation

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During the first three months of 2013, VF granted options to purchase 884,308 shares of common stock at an exercise price of \$161.95, equal to the fair market value of VF Common Stock on the option grant date. Employee stock options vest in equal annual installments over three years. Options granted to VF's Board of Directors become exercisable one year from the date of grant. The grant date fair value of each option award is calculated using a lattice option pricing valuation model, which incorporates a range of assumptions for inputs as follows:

| | Three Months Ended | |
|--|--------------------|--------------|
| | March 2013 | March 2012 |
| Expected volatility | 24% to 29% | 27% to 31% |
| Weighted average expected volatility | 26.6% | 30% |
| Expected term (in years) | 5.6 to 7.4 | 5.6 to 7.5 |
| Dividend yield | 2.3% | 2.5% |
| Risk-free interest rate | 0.1% to 2.0% | 0.1% to 2.1% |
| Weighted average grant date fair value | \$32.25 | \$33.44 |

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Also during the first three months of 2013, VF granted 180,925 performance based restricted stock units to employees that enable them to receive shares of VF Common Stock at the end of a three year period. Each RSU has a potential final value ranging from zero to two shares of VF Common Stock. The number of shares earned by participants, if any, is based on achievement of a three year baseline profitability goal and annually established performance goals set by the Compensation Committee of the Board of Directors. The actual number of shares earned may also be adjusted upward or downward by 25% of the target award, based on how VF's total shareholder return (TSR) over the three year period compares to the TSR for companies included in the Standard & Poor's 500 index. Shares are issued to participants in the year following the conclusion of each three year performance period. The fair market value of VF Common Stock on the date the units were granted was \$161.95.

VF granted 4,081 nonperformance-based restricted stock units to members of the Board of Directors during the first three months

of 2013. These units vest upon grant and will be settled in shares of VF Common Stock one year from the date of grant. The fair market value of VF Common Stock at the date the units were granted was \$161.95 per share.

VF granted 38,500 nonperformance-based restricted stock units to employees during the first three months of 2013. These units vest in four years and each RSU entitles the holder to one share of VF Common Stock. The fair market value of VF Common Stock at the date the units were granted was \$151.89 per share.

VF granted to employees, during the first three months of 2013, 74,500 restricted shares of VF Common Stock with a grant date fair value of \$151.89 per share. These shares will vest in four years, assuming the grantees remain employed through the vesting date.

Note L Income Taxes

The effective income tax rate for the first quarter of 2013 was 20.1% compared with a 26.7% effective income tax rate in the first quarter of 2012. The first quarter of 2013 included net discrete tax benefits of \$13.5 million, which included \$8.3 million of tax benefits related to the extension of certain tax credits and other provisions of the Internal Revenue Code enacted in 2013 which are retroactive to 2012, and \$5.6 million of tax benefits related to the realization of unrecognized tax benefits and interest. The net discrete tax benefits reduced the effective income tax rate for the first quarter of 2013 by 4.0%. The remaining reduction in the effective income tax rate for the first quarter of 2013 related primarily to a higher percentage of income in lower tax rate jurisdictions compared with the 2012 quarter.

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. In the United States, the Internal Revenue Service (IRS) examination for tax years 2007, 2008 and 2009 was completed in 2012. VF has appealed the results of the 2007 to 2009 examination to the IRS Appeals office. Tax years prior to 2007 have been effectively settled with the IRS, with the exception of outstanding refund claims. The IRS commenced an examination of Timberland's 2010 and 2011 tax years during 2012. The IRS audit of Timberland's 2008 and 2009 tax years was settled during 2012. In addition, VF is currently subject to examination by various state and international tax authorities. Management regularly assesses the potential outcomes of both ongoing and future examinations for the current and prior years to ensure VF's provision for income taxes is sufficient. The outcome of any one examination is not expected to have a material impact on VF's consolidated financial statements. Management believes that some of these audits and negotiations will conclude during the next 12 months.

During the first quarter of 2013, the amount of net unrecognized tax benefits and associated interest increased by \$2.3 million to \$119.4 million. Management believes that it is reasonably possible that the amount of unrecognized income tax benefits may decrease during the next 12 months by approximately \$41.4 million related to the completion of audits and other settlements with tax authorities and the expiration of statutes of limitations, \$12.5 million of which would reduce income tax expense.

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

| In thousands, except per share amounts | Three Months Ended March | |
|--|-----------------------------|----------------|
| | 2013 | 2012 |
| Earnings per share basic: | | |
| Net income | \$ 270,417 | \$ 215,227 |
| Net income attributable to noncontrolling interests | | (11) |
| Net income attributable to VF Corporation | \$ 270,417 | \$ 215,216 |
| Weighted average common shares outstanding | 110,068 | 110,527 |
| Earnings per common share attributable to VF Corporation common stockholders | \$ 2.46 | \$ 1.95 |
| Earnings per share diluted: | | |
| Net income attributable to VF Corporation | \$ 270,417 | \$ 215,216 |
| Weighted average common shares outstanding | 110,068 | 110,527 |
| Incremental shares from stock options and other dilutive securities | 1,906 | 2,223 |
| Adjusted weighted average common shares outstanding | 111,974 | 112,750 |
| Earnings per common share attributable to VF Corporation common stockholders | \$ 2.41 | \$ 1.91 |

Outstanding options to purchase 0.9 million shares of Common Stock for the quarters ended March 2013 and March 2012 were excluded from the computations of diluted earnings per share because the effect of their inclusion would have been antidilutive. In addition, 0.4 million performance-based restricted stock units were excluded from the computation of diluted earnings per share for the quarters ended March 2013 and March 2012 because these units have not yet been earned in accordance with the vesting conditions of the plan.

Note N Fair Value Measurements

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. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of any input that is significant to the fair value measurement. 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 VF's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

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The following table summarizes financial assets and financial liabilities that are measured and recorded in the consolidated financial statements at fair value on a recurring basis:

| In thousands | Total Fair Value | Fair Value Measurement Using ^(a) | | |
|-----------------------------|---------------------|---|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| March 2013 | | | | |
| Financial assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | \$ 39,526 | \$ 39,526 | \$ | \$ |
| Time deposits | 27,007 | 27,007 | | |
| Derivative instruments | 48,817 | | 48,817 | |
| Investment securities | 207,464 | 179,163 | 28,301 | |
| Other marketable securities | 4,915 | 4,915 | | |
| Financial liabilities: | | | | |
| Derivative instruments | 9,875 | | 9,875 | |
| Deferred compensation | 252,530 | | 252,530 | |
| December 2012 | | | | |
| Financial assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | \$ 181,635 | \$ 181,635 | \$ | \$ |
| Time deposits | 17,042 | 17,042 | | |
| Derivative instruments | 16,153 | | 16,153 | |
| Investment securities | 188,307 | 157,230 | 31,077 | |
| Other marketable securities | 4,513 | 4,513 | | |
| Financial liabilities: | | | | |
| Derivative instruments | 29,468 | | 29,468 | |
| Deferred compensation | 230,733 | | 230,733 | |

^(a) There were no transfers among the levels within the fair value hierarchy during the first quarter of 2013 or the year ended December 2012. All other financial assets and financial liabilities are recorded in the consolidated financial statements at cost, except life insurance contracts which are recorded at cash surrender value. These other financial assets and financial liabilities include cash held as demand deposits, accounts receivable, short-term borrowings, accounts payable and accrued liabilities. At March 2013 and December 2012, their carrying values approximated their fair values. Additionally, at March 2013 and December 2012, the carrying value of VF's long term debt, including the current portion, was \$1,831.4 million and \$1,832.0 million, respectively, compared with a fair value of \$2,051.7 million and \$2,111.4 million at those dates. Fair value for long-term debt is a Level 2 estimate based on quoted market prices or values of comparable borrowings.

Note O Derivative Financial Instruments and Hedging Activities*Summary of Derivative Instruments*

All of VF's outstanding derivative instruments are forward foreign exchange contracts. Most derivatives meet the criteria for hedge accounting at the inception of the hedging relationship, but a limited number of derivative contracts intended to hedge assets and liabilities are not designated as hedges for accounting purposes. Additionally, some derivative instruments that are cash flow hedges of forecasted third party sales are redesignated as hedges near the end of their term and do not qualify for hedge accounting after the date of redesignation. The notional amounts of outstanding derivative contracts at March 2013, December 2012 and March 2012 totaled \$1.9 billion, \$1.9 billion and \$1.4 billion, respectively, primarily consisting of contracts hedging exposures to the euro, British pound, Canadian dollar, Mexican peso, Japanese yen and Polish zloty. Derivative contracts have maturities up to 24 months.

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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 | | |
|--|--|------------------|---------------|---|------------------|---------------|
| | March 2013 | December 2012 | March 2012 | March 2013 | December 2012 | March 2012 |
| Foreign exchange contracts designated as hedging instruments | \$ 48,156 | \$ 15,847 | \$ 25,568 | \$ 8,933 | \$ 27,267 | \$ 13,598 |
| Foreign exchange contracts dedesignated as hedging instruments | 571 | 15 | 335 | 864 | 2,160 | 1,070 |
| Foreign exchange contracts not designated as hedging instruments | 90 | 291 | 132 | 78 | 41 | 265 |
| Total derivatives | \$ 48,817 | \$ 16,153 | \$ 26,035 | \$ 9,875 | \$ 29,468 | \$ 14,933 |

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 | March 2013 | December 2012 | March 2012 |
|--------------------------------|---------------|------------------|---------------|
| Other current assets | \$ 36,830 | \$ 13,629 | \$ 23,874 |
| Accrued liabilities (current) | (8,018) | (22,013) | (13,315) |
| Other assets (noncurrent) | 11,987 | 2,524 | 2,161 |
| Other liabilities (noncurrent) | (1,857) | (7,455) | (1,618) |

Cash Flow Hedge Strategies and Accounting Policies

VF uses derivative contracts primarily to hedge a portion of the exchange risk for its forecasted sales, purchases, production costs and intercompany royalties. As discussed below in *Derivative Contracts Dedesignated as Hedges*, some cash flow hedges of forecasted sales to third parties, primarily related to our international businesses, are dedesignated 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 Three Months Ended March | |
|--|---|------------|
| | 2013 | 2012 |
| Cash Flow Hedging Relationships | | |
| Foreign exchange | \$ 55,493 | \$ (7,711) |
| Total | \$ 55,493 | \$ (7,711) |

| In thousands | Gain (Loss) Reclassified from Accumulated OCI into Income Three Months Ended March | |
|--------------------------------|---|----------|
| | 2013 | 2012 |
| Location of Gain (Loss) | | |
| Net sales | \$ (155) | 704 |
| Cost of goods sold | 3,858 | 314 |
| Other income (expense), net | 1,092 | (667) |
| Interest expense | (957) | (911) |
| Total | \$ 3,838 | \$ (560) |

Derivative Contracts Dededesignated as Hedges

As previously noted, cash flow hedges of some forecasted sales to third parties are dedesignated as hedges when the sales are recognized. At that time, hedge accounting is discontinued and the amount of unrealized hedging gain or loss is recognized in net sales. These derivatives remain outstanding as an economic hedge of foreign currency exposures related to the ultimate collection of the accounts receivable, during which time changes in the fair value of the derivative contracts are recognized directly in earnings. For each of the three month periods ended March 2013 and March 2012, the net impact of derivatives dedesignated as hedging instruments was less than \$1 million and was recorded in other income (expense), net.

Table of Contents*Derivative Contracts Not Designated as Hedges*

VF uses derivative contracts to manage foreign currency exchange risk on intercompany loans, accounts receivable and payable, and third-party accounts receivable and payable. These contracts, which are not designated as hedges, are recorded at fair value in the Consolidated Balance Sheets, with changes in the fair values of these instruments recognized directly in earnings. Gains or losses on these contracts largely offset the net remeasurement gains or losses on the related assets and liabilities. Following is a summary of these hedges included in VF's Consolidated Statements of Income:

| Derivatives Not Designated as Hedges | Location of Gain (Loss) on Derivatives | Gain (Loss) on Derivatives Recognized in Income | |
|--------------------------------------|--|---|--------|
| | Recognized in Income | Three Months Ended March | |
| | | 2013 | 2012 |
| Foreign exchange | Other income (expense), net | \$ 1,269 | \$ 955 |
| <i>Other Derivative Information</i> | | | |

There were no significant amounts recognized in earnings for the ineffective portion of any hedging relationships during the three months ended March 2013 and March 2012.

At March 2013, accumulated OCI included \$26.8 million of net pretax deferred gains for foreign exchange contracts that are expected to be reclassified to earnings during the next 12 months. The amounts ultimately reclassified to earnings will depend on exchange rates in effect when outstanding derivative contracts are settled.

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 net deferred loss in accumulated OCI related to the contracts was \$38.5 million at March 2013, which will be reclassified into interest expense in the Consolidated Statements of Income over the remaining terms of the associated debt instruments.

Note P Recently Adopted/Issued Accounting Standards

In December 2011, the FASB issued guidance enhancing disclosure requirements surrounding the nature of an entity's right of offset associated with its financial instruments and derivative instruments. The guidance became effective during the first quarter of 2013 with retrospective application required. It did not have an impact on VF's Consolidated Financial Statements.

In February 2013, the FASB issued guidance requiring an entity to provide information about the amounts reclassified out of accumulated other comprehensive income (AOCI) by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. The guidance became effective in the first quarter of 2013, and has been reflected in the notes to Consolidated Financial Statements.

Note Q Subsequent Events

On April 23, 2013, VF's Board of Directors declared a quarterly cash dividend of \$0.87 per share, payable on June 20, 2013 to shareholders of record on June 10, 2013.

Table of Contents**Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations****Overview****Highlights of the First Quarter of 2013**

All references to organic financial data exclude John Varvatos Enterprises, Inc. (John Varvatos), sold on April 30, 2012. All per share amounts are presented on a diluted basis.

Revenues grew to \$2.6 billion, an increase of 2% from the 2012 quarter.

International revenues rose 6% over the 2012 quarter and represented 42% of total revenues in the first quarter of 2013.

Direct-to-consumer revenues increased 12% and accounted for 20% of VF's total revenues in the quarter.

Gross margin improved 240 basis points to a record high of 48.1% in 2013, from 45.7% in the 2012 quarter.

Earnings per share increased 26% to \$2.41, from \$1.91 in the 2012 quarter.

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

The following table presents a summary of the changes in total revenues from the comparable period in 2012:

| In millions | First Quarter |
|--|---------------|
| Total revenues 2012 | \$ 2,556.5 |
| Operations and organic growth | 75.7 |
| Disposition in prior year | (19.0) |
| Impact of foreign currency translation | (1.3) |
| Total revenues 2013 | \$ 2,611.9 |

The Outdoor & Action Sports Coalition was the primary driver of the increase in first quarter revenues, with 10% growth over the 2012 period. The international and direct-to-consumer businesses contributed to the revenue growth during the first three months with increases of 6% and 12%, respectively. The sale of John Varvatos in April 2012 negatively impacted first quarter revenue growth comparisons by approximately 1 percentage point. Additional details on revenues are provided in the section titled Information by Business Segment.

The translation of a foreign subsidiary's financial statements from its functional currency into the U.S. dollar, VF's reporting currency, has an impact on VF's reported operating results. In the first quarter of 2013, foreign currency translation was not material to VF's Consolidated Financial Statements.

VF's foreign currency exposure primarily relates to business conducted in euro-based countries. The weighted average translation rate for the euro was \$1.32 for the first quarter of 2013, compared with \$1.31 for the first quarter of 2012.

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The following table presents the percentage relationships to total revenues for components of the Consolidated Statements of Income:

| | First Quarter | |
|---|---------------|-------|
| | 2013 | 2012 |
| Gross margin (total revenues less cost of goods sold) | 48.1% | 45.7% |
| Marketing, administrative and general expenses | 34.4% | 33.4% |
| Operating income | 13.7% | 12.3% |

Gross margin increased 240 basis points in the first quarter, with increases in nearly every coalition. The higher gross margin reflects lower product costs and the continued shift in our revenue mix towards higher margin businesses, including Outdoor & Action Sports, international and direct-to-consumer.

Marketing, administrative and general expenses as a percentage of total revenues increased 100 basis points during the first quarter, primarily resulting from increased investments in direct-to-consumer and marketing.

Net interest expense decreased by \$1.8 million during the first quarter of 2013 due primarily to lower average levels of short-term borrowings. Outstanding interest-bearing debt averaged \$1.9 billion for the first quarter of 2013 and \$2.3 billion for the first quarter of 2012. The weighted average interest rates on total outstanding debt were 4.6% and 3.9% for the first quarters of 2013 and 2012, respectively.

The effective income tax rate for the first quarter of 2013 was 20.1% compared with a 26.7% effective income tax rate in the first quarter of 2012. The first quarter of 2013 included net discrete tax benefits of \$13.5 million, which included \$8.3 million of tax benefits related to the extension of certain tax credits and other provisions of the Internal Revenue Code enacted in 2013 which are retroactive to 2012, and \$5.6 million of tax benefits related to the realization of unrecognized tax benefits and interest. The net discrete tax benefits reduced the effective income tax rate for the first quarter of 2013 by 4.0%. The remaining reduction in the first quarter of 2013 effective income tax rate related primarily to a higher percentage of income in lower tax rate jurisdictions compared with the 2012 quarter.

Net income attributable to VF Corporation for the first quarter of 2013 increased to \$270.4 million (\$2.41 per share), compared with \$215.2 million (\$1.91 per share) in the 2012 quarter. The first quarter of 2013 was positively impacted by \$0.12 per share from net discrete tax benefits. The first quarters of 2013 and 2012 were negatively impacted by \$0.02 and \$0.03 per share, respectively, in expenses related to the acquisition of The Timberland Company (Timberland). The remainder of the change in earnings per share during the 2013 quarter resulted from operating performance, as discussed in the Information by Business Segment section below.

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 I 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.

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The following tables present a summary of the changes in coalition revenues and coalition profit for the first quarter of 2013 from the comparable period in 2012:

| In millions | First Quarter | | | | | | Total |
|---|-------------------------|-----------|-----------|------------|---------------------|---------|------------|
| | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Other | |
| Coalition revenues 2012 | \$ 1,264.0 | \$ 741.7 | \$ 277.5 | \$ 122.9 | \$ 126.9 | \$ 23.5 | \$ 2,556.5 |
| Operations and organic growth (decline) | 119.4 | (21.9) | (24.4) | 5.3 | (4.2) | 1.5 | 75.7 |
| Disposition in prior year | | | | | (19.0) | | (19.0) |
| Impact of foreign currency translation | 0.9 | (1.9) | (0.3) | | | | (1.3) |
| Coalition revenues 2013 | \$ 1,384.3 | \$ 717.9 | \$ 252.8 | \$ 128.2 | \$ 103.7 | \$ 25.0 | \$ 2,611.9 |

| In millions | First Quarter | | | | | | Total |
|---|-------------------------|-----------|-----------|------------|---------------------|----------|----------|
| | Outdoor & Action Sports | Jeanswear | Imagewear | Sportswear | Contemporary Brands | Other | |
| Coalition profit 2012 | \$ 201.7 | \$ 110.8 | \$ 42.9 | \$ 10.7 | \$ 14.9 | \$ (1.6) | \$ 379.4 |
| Operations and organic growth (decline) | 24.0 | 32.4 | (11.3) | 1.5 | (2.0) | (1.0) | 43.6 |
| Disposition in prior year | | | | | (0.3) | | (0.3) |
| Impact of foreign currency translation | 0.8 | 0.1 | | | | | 0.9 |
| Coalition profit 2013 | \$ 226.5 | \$ 143.3 | \$ 31.6 | \$ 12.2 | \$ 12.6 | \$ (2.6) | \$ 423.6 |

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

Outdoor & Action Sports:

| Dollars in millions | First Quarter | | Percent change |
|---------------------|---------------|------------|----------------|
| | 2013 | 2012 | |
| Coalition revenues | \$ 1,384.3 | \$ 1,264.0 | 9.5% |
| Coalition profit | 226.5 | 201.7 | 12.3% |
| Operating margin | 16.4% | 16.0% | |

Coalition revenues for Outdoor & Action Sports increased 10% in the first quarter of 2013 compared with the 2012 period. *The North Face*® and *Vans*® brands achieved global revenue growth of 6% and 25%, respectively.

Domestic revenues increased 9%, driven by growth in *The North Face*®, *Vans*® and *Timberland*® brands. International revenues rose nearly 10% in the first quarter of 2013, reflecting growth in *The North Face*®, *Vans*® and *Napapijri*® brands. Revenues in Europe and Asia increased 6% and 21%, respectively. Direct-to-consumer revenues increased 17% in the first three months of 2013, with double-digit growth in nearly all brands. New store openings, comparable store growth and an expanding e-commerce business all contributed to the direct-to-consumer revenue growth.

The improvement in operating margin for the first quarter of 2013 reflects a continued shift in the business mix, including growth in the higher margin direct-to-consumer businesses, and improved leverage of operating expenses on higher revenues.

Table of Contents**Jeanswear:**

| Dollars in millions | First Quarter | | Percent change |
|---------------------|---------------|----------|----------------|
| | 2013 | 2012 | |
| Coalition revenues | \$ 717.9 | \$ 741.7 | (3.2)% |
| Coalition profit | 143.3 | 110.8 | 29.3% |
| Operating margin | 20.0% | 14.9% | |

Global Jeanswear revenues decreased 3% in the first quarter of 2013 compared with the 2012 period, driven by decreases in domestic and international jeanswear.

The decrease in domestic jeanswear revenues was due to difficult comparisons against the first quarter of 2012, which benefited from earlier than normal shipments of spring seasonal products due to unusually warm weather. In addition, *Lee*[®] brand revenues declined 11% during the first three months of 2013 due to continued difficult conditions in the mid-tier channel. These declines were partially offset by growth in the *Rock & Republic*[®] brand and the Western Specialty business of 23% and 6%, respectively.

Jeanswear revenues in Europe decreased 5% due to weak macro-economic conditions. In addition, Jeanswear Asia revenues declined 12%, where the *Lee*[®] brand was impacted by an industry-wide inventory build-up at retailers that began during the latter part of 2012. Partially offsetting these declines was an increase in Latin America jeanswear revenues of 14%.

Operating margin increased 510 basis points during the first quarter of 2013, driven by lower product costs compared to the same period in 2012 as well as continued improvements in operating efficiencies. The *Wrangler*[®] and *Lee*[®] brands both posted improved profitability in every global region.

Imagewear:

| Dollars in millions | First Quarter | | Percent change |
|---------------------|---------------|----------|----------------|
| | 2013 | 2012 | |
| Coalition revenues | \$ 252.8 | \$ 277.5 | (8.9)% |
| Coalition profit | 31.6 | 42.9 | (26.3)% |
| Operating margin | 12.5% | 15.5% | |

Imagewear Coalition revenues declined 9% in the first quarter of 2013 against an exceptionally strong first quarter in 2012. The decline in revenues was driven by the Image business, primarily due to (i) the timing of a program that was shipped in the first quarter of 2012 that is not expected to be shipped until the second half of 2013, and (ii) a catch up of shipments in the first quarter of 2012, related to strong orders in the oil and gas industries, that did not repeat in 2013.

The decline in operating margin in the first quarter of 2013 was driven by lower sales volumes.

Sportswear:

| Dollars in millions | First Quarter | | Percent change |
|---------------------|---------------|----------|----------------|
| | 2013 | 2012 | |
| Coalition revenues | \$ 128.2 | \$ 122.9 | 4.3% |
| Coalition profit | 12.2 | 10.7 | 14.0% |
| Operating margin | 9.5% | 8.7% | |

Sportswear revenues increased by 4% in the first quarter of 2013 compared to the prior year period, reflecting growth in both *Nautica*[®] and *Kipling*[®] brand revenues. These revenue increases are attributable to double-digit growth in the direct-to-consumer businesses of both brands.

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The improvement in operating margin during the first quarter of 2013 compared to the 2012 period is due to a shift in the business mix toward higher margin direct-to-consumer businesses, as well as improved performance within the direct-to-consumer businesses.

Contemporary Brands:

| Dollars in millions | First Quarter | | Percent change |
|---------------------|---------------|----------|----------------|
| | 2013 | 2012 | |
| Coalition revenues | \$ 103.7 | \$ 126.9 | (18.3)% |
| Coalition profit | 12.6 | 14.9 | (15.4)% |
| Operating margin | 12.1% | 11.7% | |

Global revenues for the Contemporary Brands Coalition were down 18%, with 14 percentage points of the decline due to the sale of John Varvatos in April 2012. The remaining 4% decrease reflects lower wholesale revenues, partially offset by higher direct-to-consumer revenues.

The Coalition's operating margin improved 40 basis points in the first quarter of 2013 compared with the 2012 period due primarily to improved direct-to-consumer performance.

Other:

| Dollars in millions | First Quarter | | Percent change |
|-------------------------|---------------|---------|----------------|
| | 2013 | 2012 | |
| Revenues | \$ 25.0 | \$ 23.5 | 6.4% |
| Operating profit (loss) | (2.6) | (1.6) | (62.5)% |
| Operating margin | (10.4)% | (6.8)% | |

VF Outlet[®] stores in the United States 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. Revenues increased 6% in the first quarter of 2013 over the 2012 period due to the addition of new product categories and new store openings. The decrease in operating margin was driven by higher operating expenses related to the new store openings.

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 expense, net, which was discussed in the previous Consolidated Statements of Income section.

| Dollars in millions | First Quarter | | Percent change |
|------------------------------|---------------|-----------|----------------|
| | 2013 | 2012 | |
| Corporate and other expenses | \$ (64.8) | \$ (63.5) | 2.0% |
| Interest expense, net | (20.5) | (22.3) | (8.1)% |

Corporate and other expenses are those which have not been allocated to the coalitions for internal management reporting, including (i) information systems and shared services, (ii) corporate headquarters costs, and (iii) other income and expenses. Other income and expenses includes costs of corporate programs and initiatives, costs of registering, maintaining and enforcing certain of VF's trademarks, and miscellaneous costs, the most significant of which is related to the expense of VF's centrally-managed U.S. defined benefit pension plans. The current year service cost component of pension cost is allocated to the coalitions, while the remaining cost components, totaling \$15.2 million for the first quarter of 2013 and \$16.8 million for the first quarter of 2012, are reported in corporate and other expenses.

Table of Contents**Analysis of Financial Condition****Balance Sheets**

The following discussion refers to significant changes in balances at March 2013 compared with December 2012:

Increase in inventory resulting from the seasonality of the business partially offset by the impact of management's focus on inventory reduction.

Increase in property, plant and equipment related to capital projects that support VF's continued expectations for high revenue growth, including a European headquarters, additional distribution facilities, new retail stores and technology upgrades.

Increase in short-term borrowings due to commercial paper borrowings primarily used to support seasonal working capital requirements and share repurchases, and to fund a \$100.0 million discretionary contribution to our defined benefit pension plan.

Decrease in accounts payable resulting from the timing of payments to vendors.

The following discussion refers to significant changes in balances at March 2013 compared with March 2012:

Decrease in inventory as a result of lower product costs and management's ongoing focus on inventory reduction.

Increase in property, plant and equipment related to capital projects that support VF's continued expectations for high revenue growth, including a European headquarters, a headquarters for the Outdoor & Action Sports businesses in the United States, additional distribution facilities, new retail stores and technology upgrades.

Decrease in short-term borrowings due to higher levels of cash available to fund working capital needs during the first quarter of 2013.

Decrease in accounts payable resulting from the timing and volume of inventory purchases.

Decrease in long-term debt related to the \$400 million two year notes issued to finance the acquisition of Timberland, which are due in the third quarter of 2013 and have been reclassified to the current portion of long-term debt.

Liquidity and Cash Flows

The financial condition of VF is reflected in the following:

| Dollars in millions | March 2013 | December 2012 | March 2012 |
|-----------------------------|---------------|------------------|---------------|
| Working capital | \$ 1,554.2 | \$ 1,717.4 | \$ 1,459.0 |
| Current ratio | 1.9 to 1 | 2.0 to 1 | 1.8 to 1 |
| Debt to total capital ratio | 28.4% | 26.5% | 36.1% |

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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 net capital (with net debt defined as debt less cash and equivalents and total net capital defined as total capital less cash and equivalents), was 25.2% at March 2013, 19.6% at December 2012 and 33.0% at March 2012.

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In summary, our cash flows were as follows (in millions):

| | Three Months Ended March | |
|--|---------------------------------|--------------|
| | 2013 | 2012 |
| Net cash provided (used) by operating activities | \$ 11,674 | \$ (112,137) |
| Net cash used by investing activities | (114,999) | (32,169) |
| Net cash provided (used) by financing activities | (191,962) | 126,024 |

Cash Provided (Used) by Operating Activities

VF's primary source of liquidity is the strong cash flow provided by operating activities, which is dependent on the level of net income, and changes in working capital. Cash provided by operating activities for the first quarter of 2013 was \$11.7 million, compared with cash used by operating activities of \$112.1 million for the first quarter of 2012. The improvement in net cash provided by operating activities is due to an increase in net income and a reduction in net cash usage from working capital changes, partially offset by the payment of a \$100.0 million discretionary defined benefit pension plan contribution in the first quarter of 2013.

Cash Used by Investing Activities

Cash used by investing activities in the first quarter of 2013 related primarily to capital expenditures, which were \$102.2 million during the first quarter of 2013 compared with \$25.1 million in the 2012 period. The higher level of capital expenditures is related to a number of significant projects that support VF's continued expectations for high revenue growth, as discussed in the Balance Sheets section above. This spending is expected to be funded by cash flow from operations.

Cash Provided (Used) by Financing Activities

Cash used by financing activities in the first quarter of 2013 was \$192.0 million, compared with cash provided by financing activities of \$126.0 million in the first quarter of 2012. This change was primarily due to higher levels of common stock repurchases and cash dividends paid, partially offset by lower levels of short-term borrowings.

During the first three months of 2013 and 2012, VF repurchased 1.7 million and 2.0 million shares, respectively, of its Common Stock in open market transactions. The cost was \$280.7 million and \$297.3 million with an average price per share of \$164.60 and \$148.54 for the March 2013 and March 2012 periods, respectively. Due to the three-day settlement period on stock trades, \$86.5 million of the amount owed related to the purchase of 583,111 shares in the first quarter of 2012, was not transferred from cash until the second quarter of 2012. Under its current authorization from the Board of Directors, VF may repurchase an additional 2.8 million shares. 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.

VF relies on continued strong cash generation to finance its ongoing operations. In addition, VF has significant liquidity from its available cash balances and credit facilities. VF maintains a \$1.25 billion senior unsecured revolving line of credit (the Global Credit Facility), which supports our \$1.25 billion U.S. commercial paper program for short-term seasonal working capital requirements. The Global Credit Facility expires in December 2016. Commercial paper borrowings and standby letters of credit issued as of March 2013 were \$166.0 million and \$19.7 million, respectively, leaving \$1,064.3 million available for borrowing against this facility at March 2013.

VF's favorable credit agency ratings allow for access to additional liquidity at competitive rates. At the end of March 2013, 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. Currently, Moody's has a negative outlook on VF's ratings as a result of increased debt levels taken on to fund VF's acquisition of Timberland. None of VF's long-term debt agreements 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 2013, 2017, 2021 and 2037 notes were rated below investment grade by recognized rating agencies, VF would be obligated to repurchase the notes at 101% of the aggregate principal amount, plus any accrued and unpaid interest.

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Management's Discussion and Analysis in the 2012 Form 10-K provided a table summarizing VF's contractual obligations and commercial commitments at the end of 2012 that would require the use of funds. Since the filing of the 2012 Form 10-K, there have been no material changes in the disclosed amounts, except as noted below:

Inventory purchase obligations increased by approximately \$345.4 million at the end of March 2013 due to the seasonality of VF's businesses.

Management believes that VF's cash balances and funds provided by operating activities, as well as its Global Credit Facility, additional borrowing capacity and access to capital 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 the dividend to shareholders at current and expected rates and (iii) flexibility to meet investment opportunities that may arise.

Recently Issued Accounting Standards

In December 2011, the FASB issued guidance enhancing disclosure requirements surrounding the nature of an entity's right of offset associated with its financial instruments and derivative instruments. The guidance became effective during the first quarter of 2013 with retrospective application required. It did not have an impact on VF's Consolidated Financial Statements.

In February 2013, the FASB issued guidance requiring an entity to provide information about the amounts reclassified out of accumulated other comprehensive income (AOCI) by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. The guidance became effective in the first quarter of 2013 and has been reflected in the notes to Consolidated Financial Statements.

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 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 2012 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 2012 Form 10-K. There have been no material changes in these policies.

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, but are not limited to, the level of consumer confidence and overall level of consumer demand for apparel; fluctuations in the price, availability and quality of raw materials and contracted products; disruption to VF's distribution system; disruption and volatility in the global capital and credit markets; VF's reliance on a small number

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of large customers; the financial strength of VF's customers; VF's response to changing fashion trends; increasing pressure on margins; VF's ability to implement its growth strategy, including the ability to complete acquisitions; VF's ability to grow its international and direct-to-consumer businesses; VF's ability to successfully integrate and grow acquisitions, including the Timberland acquisition;

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VF's ability to maintain the strength and security of its information technology systems; adverse unseasonable weather conditions; 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; changes in tax liabilities; 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 2012 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:

There have been no changes during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, VF's internal control over financial reporting.

Part II Other Information**Item 1 Legal Proceedings**

Information on VF's legal proceedings is set forth under Part I, Item 3, Legal Proceedings, in the 2012 Form 10-K. There have been no material changes to the legal proceedings from those described in the 2012 Form 10-K.

Item 1A Risk Factors

You should carefully consider the risk factors set forth under Part I, Item 1A, Risk Factors, in the 2012 Form 10-K. There have been no material changes to the risk factors from those disclosed in the 2012 Form 10-K.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

(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) |
|--------------------|-------------------|---|--|--|---|
| First Quarter 2013 | | | | | |
| December 30, 2012 | January 26, 2013 | 1,200 | \$ 146.21 | 1,200 | 4,473,166 |
| January 27 | February 23, 2013 | 2,150 | 150.91 | 2,150 | 4,471,016 |
| February 24 | March 30, 2013 | 1,702,020 | 164.63 | 1,702,020 | 2,768,996 |

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| | | |
|-------|-----------|-----------|
| Total | 1,705,370 | 1,705,370 |
|-------|-----------|-----------|

- (1) During the quarter, 5,370 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.

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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: May 8, 2013

By: /s/ Scott A. Roe
Scott A. Roe
Vice President Controller (Chief Accounting Officer)