

Edgar Filing: V F CORP - Form 11-K

V F CORP
Form 11-K
June 27, 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

Commission file number: 1-5256

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
(Full title of plan)

628 GREEN VALLEY ROAD, SUITE 500
GREENSBORO, NC 27408

(Address of principal executive offices)

(336) 547-6000

(Registrant's telephone number, including area code)

1

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
TABLE OF CONTENTS

	Page No.
Report of Independent Accountants	4
Statements of Net Assets Available for Benefits December 31, 2001 and 2000	5
Statements of Changes in Net Assets Available for Benefits - For the Years Ended December 31, 2001, 2000, and 1999	6
Notes to Financial Statements	7
Supplemental Schedules*: Schedule H - Line 4i - Schedule of Assets (Held at end of year)	15
* - Other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.	
Exhibit 23.1 - Consent of Independent Accountants	16

Edgar Filing: V F CORP - Form 11-K

2

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the VF Corporation Pension Plan Committee has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

VF Corporation Tax-Advantaged Savings Plan
for Salaried Employees

By: /s/ Frank C. Pickard III

Frank C. Pickard III
Vice President, Treasurer
VF Corporation

Date: June 28, 2002

3

REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Administrator of the
VF Corporation Tax-Advantaged Savings Plan for Salaried Employees

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the VF Corporation Tax-Advantaged Savings Plan for Salaried Employees (the "Plan") at December 31, 2001 and December 31, 2000, and the changes in net assets available for benefits for the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/PricewaterhouseCoopers LLP
June 14, 2002

Edgar Filing: V F CORP - Form 11-K

4

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

ASSETS -----	December 31	
	2001 -----	2000 -----
Investments, at fair value		
VF Corporation common stock -		
633,893 shares in 2001		
691,764 shares in 2000	\$ 24,731,732	\$ 25,069,530
VF Corporation ESOP preferred stock -		
1,477,929 shares in 2001		
1,570,301 shares in 2000	92,252,328	91,052,333
Other securities	211,909,046	225,061,590
	-----	-----
Total investments	328,893,106	341,183,453
Loans receivable from participants	13,300,763	12,235,738
	-----	-----
TOTAL ASSETS	342,193,869	353,419,191
	=====	=====
LIABILITIES		
Employee Stock Ownership		
Plan obligation payable to VF Corporation	2,872,310	12,312,041
	-----	-----
TOTAL LIABILITIES	2,872,310	12,312,041
	-----	-----
Net assets available for benefits	\$339,321,559	\$341,107,150
	=====	=====

See notes to financial statements.

5

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31		-----
	2001 -----	2000 -----	
Investment income			
Dividends on VF Corporation ESOP			
Preferred Stock	\$ 3,147,511	\$ 3,335,572	\$ 3
Interest	0	9,214	
Dividends on VF Corporation common stock	623,262	613,165	
Income from mutual funds and bank common			
Trust funds	3,451,137	13,047,168	8
	-----	-----	-----

Edgar Filing: V F CORP - Form 11-K

	7,221,910	17,005,119	13
	-----	-----	-----
Contributions			
Interest on loan repayments	1,005,453	907,214	
Transfer from merged plans (Note A)	0	22,460,258	
Participants	21,305,026	21,275,592	18
VF Corporation	7,086,364	7,172,768	6
	-----	-----	-----
	29,396,843	51,815,832	26
	-----	-----	-----
Benefits paid to participants	(24,965,767)	(26,745,185)	(26
Forfeitures that reduce			
VF Corporation contributions	(232,386)	(287,053)	
Interest paid to VF Corporation on Employee			
Stock Ownership Plan obligation	(854,340)	(1,744,899)	(2
Net realized and unrealized appreciation			
(depreciation) in fair value of investments	(12,351,851)	(2,907,045)	(40
	-----	-----	-----
Net increase (decrease)	(1,785,591)	37,136,769	(30
Net assets available for benefits			
at beginning of year	341,107,150	303,970,381	334
	-----	-----	-----
Net assets available for benefits			
at end of year	\$ 339,321,559	\$ 341,107,150	\$ 303
	=====	=====	=====

See notes to financial statements.

6

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

NOTE A -- DESCRIPTION OF THE PLAN

VF Corporation (the Corporation) sponsors the VF Corporation Tax-Advantaged Savings Plan for Salaried Employees (the Plan), which is a cash or deferred plan under Section 401(k) of the Internal Revenue Code. Under the Plan, certain salaried employees of specified subsidiaries may elect to contribute between 2% and 15% of their compensation to the Plan (highly compensated employees are limited to 10%). The Corporation matches employee contributions by 50% for up to 6% of compensation contributed by the employee. Employees remain fully vested in their contributions to the Plan. The Corporation's matching contributions are vested monthly on a pro rata basis, with full vesting after five years of service or upon normal retirement, disability or death.

The Plan includes an Employee Stock Ownership Plan (ESOP). In 1990, the ESOP purchased 2,105,263 shares of VF Corporation 6.75% Series B ESOP Convertible Preferred Stock (ESOP Preferred Stock) for \$65.0 million. Each share of ESOP Preferred Stock, which has a redemption value of \$30.875 plus cumulative accrued dividends, is convertible into 1.6 shares of VF Corporation Common Stock and is entitled to two votes. The trustee for the ESOP may convert the ESOP Preferred Stock to Common Stock at any time or may cause the Corporation to redeem the ESOP Preferred Stock under certain circumstances. The ESOP Preferred Stock also has preference in liquidation over all other stock issues. The Corporation's matching contributions, all of which go into the ESOP, are allocated to

Edgar Filing: V F CORP - Form 11-K

employees in shares of ESOP Preferred Stock. Of the shares of ESOP Preferred Stock owned by the ESOP, 1,420,338 shares in 2001 and 1,312,345 shares in 2000 have been allocated to employees.

The ESOP's purchase of the ESOP Preferred Stock was funded by a loan of \$65.0 million from the Corporation that bears interest at 9.8%. The loan will be repaid in increasing installments through 2002 from future minimum Corporation matching contributions to the ESOP and dividends on the ESOP Preferred Stock. The Corporation's minimum required matching contributions and dividends are \$3.0 million in 2002. The loan will be repaid in 2002.

7

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE A -- DESCRIPTION OF THE PLAN (Continued)

Employee contributions are invested at the direction of the employee in one or more of the funds administered by the Plan's trustees. All Plan assets are trusted by Fidelity Management Trust Company (Fidelity) with the exception of the Fixed Income Fund which is trusted by UMB Bank, n.a. The investment programs and investment objectives of the Plan funds are as follows:

- (a) Money Market Fund: Monies are invested in a money market fund.
- (b) Fixed Income Fund: Monies are invested in investments that provide a fixed rate of return.
- (c) Balanced Fund: Monies are invested in investments to obtain as much income as possible, consistent with the preservation and conservation of capital.
- (d) Equity Growth & Income Fund: Monies are invested in investments that are currently paying dividends and/or offer prospects for growth of capital and future income, with emphasis on capital appreciation.
- (e) Index 500 Fund: Monies are invested in the 500 stocks that make up the S&P 500 Stock Price Index.
- (f) Dividend Growth Fund: Monies are invested in stocks of companies that have the potential to increase the amount of their dividends or begin paying them if none are being paid now.
- (g) Small-Cap Value Fund: Monies are invested in U.S. common stocks of small companies whose price is undervalued.
- (h) Small-Cap Growth Fund: Monies invested in small and medium size companies with undervalued assets or favorable growth prospects.
- (i) Foreign Fund: Monies are invested in stocks and debt obligations of companies and governments outside the United States.
- (j) VF Corporation Common Stock Fund: Monies are invested in common stock of the Corporation purchased at prevailing prices

Edgar Filing: V F CORP - Form 11-K

on the New York Stock Exchange on the date of purchase. Employees can direct no more than 50% of their contributions to the VF Corporation Common Stock Fund.

- (k) Mutual Fund Window (Self Directed Option): The option allows participants to select from over 200 mutual funds offered through Fidelity Investments Funds Net Program and additional Fidelity Fund options.

8

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE A -- DESCRIPTION OF THE PLAN (Continued)

Individual accounts are maintained for each participant; each account includes the individual's contributions, Corporation matching contributions and investment funds' earnings. Accounts become payable upon retirement, disability, death or termination of employment. Participants may also withdraw all or a portion of their accounts by filing a written request that demonstrates financial hardship. Participants may elect to receive distributions in a lump sum or in an annuity, or accounts may be rolled over into another IRS-approved tax deferral vehicle. Forfeitures are used to reduce VF Corporation's obligation to pay plan expenses.

The transfers of applicable participant balances from the Bestform Savings Plan, Todd Uniform and Horace Small Savings Plans, which were merged into the Plan in 2000, have been disclosed separately in the Statements of Changes in Net Assets Available for Benefits.

Participants may borrow from their individual account. Participants are charged interest at the Morgan Guaranty "Published" prime rate at the time of the loan and repay the principal within 60 months, or 120 months if the loan is for the purchase of their primary residence. Participants may borrow up to 50% of the participant's total vested account balance, but may not borrow from the Corporation matching portion. Payment in full is required at termination of employment. There were 3,152 loans outstanding at December 31, 2001.

Although it has no intent to do so, the Corporation may terminate the Plan in whole or in part at any time. In the event of termination, participants become fully vested in their accounts.

9

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year. The ESOP Preferred Stock is stated at fair value, based on the greater of 160% of the fair value of the Corporation's Common Stock or the preferred stock's stated redemption price of \$30.875 per share. The fair value of the participation units owned by the Plan in mutual funds and bank common

Edgar Filing: V F CORP - Form 11-K

trust funds is based on quoted redemption values on the last business day of the Plan year. Purchases and sales of securities, including gains and losses thereon, are recorded as of the trade date. Dividends are recorded on the ex-dividend date.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and unrealized appreciation or depreciation on those investments. Realized gains or losses are calculated on an average cost basis.

Administrative expenses consisting primarily of fees for legal, accounting and other services are paid by the Corporation in accordance with the Plan.

Payment of Benefits: Benefits are recorded when paid.

Use of Estimates: In preparing financial statements in accordance with generally accepted accounting principles, management makes estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Risks and Uncertainties: The Plan provides for various mutual fund investment options in stocks, bonds and fixed income securities. Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits.

NOTE C -- INCOME TAX STATUS

The Internal Revenue Service has issued a Favorable Determination Letter dated January 16, 1996 stating that the Plan qualifies under the appropriate sections of the Internal Revenue Code (IRC) and is, therefore, not subject to tax under present income tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The VF Corporation Pension Plan Committee is not aware of any action or series of events that have occurred that might adversely affect the Plan's qualified status. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the IRC.

10

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE D -- INVESTMENTS

Net realized and unrealized appreciation (depreciation) in fair value of investments included in Plan equity includes the following:

Net Realized and Unrealized Appreciation (Depreciation) in Fair Value for the Year Ended December 31		
-----	-----	-----
2001	2000	1999

Edgar Filing: V F CORP - Form 11-K

Fair value as determined by quoted market or stated redemption price:	\$ 2,452,027	\$ 5,219,011	\$ (10,872,959)	\$
VF Corporation common stock				
ESOP Preferred Stock	6,839,407	15,139,218	(45,661,526)	
Mutual funds and bank common trust funds	(23,634,971)	(25,209,654)	15,225,411	1
	-----	-----	-----	-----
	(14,343,537)	(4,851,425)	(41,309,074)	2
	-----	-----	-----	-----
Fair value as determined by Plan trustee:				
United States government obligations	0	0	(148,152)	
Commercial notes	0	0	(20,392)	
Mutual funds and bank common trust funds	1,991,686	1,944,380	583,346	
	-----	-----	-----	-----
	1,991,686	1,944,380	414,802	
	-----	-----	-----	-----
	\$ (12,351,851)	\$ (2,907,045)	\$ (40,894,272)	\$ 3
	=====	=====	=====	=====

11

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE D -- INVESTMENTS (Continued)

The fair value of individual investments that represent 5% or more of the Plan's net assets at December 31, 2001 and 2000 are as follows:

	2001	2000
	-----	-----
ESOP Preferred Stock (1,477,929 and 1,570,301 shares)	\$92,252,328	\$91,052,333
Fidelity Growth & Income Fund (1,414,701 and 1,483,696 shares)	52,881,518	62,463,611
VF Corporation Common Stock (633,893 and 691,764 shares)	24,728,178	25,069,530
Fidelity US Equity Index Commingled Pool (963,155 shares and 1,050,852 shares)	32,506,489	40,258,148
ProCapp Fixed Income Fund (2,931,796 and 2,771,411 shares)	34,038,156	30,180,668
Fidelity Retirement Money Market Portfolio (17,963,369 shares and 15,294,844 shares)	17,963,369	15,294,844

12

Edgar Filing: V F CORP - Form 11-K

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS

NOTE E -- NONPARTICIPANT DIRECTED ACCOUNTS

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant directed investments is as follows:

	Employee Stock Ownership Plan December 31	
	2001	2000
	-----	-----
ASSETS		
VF Corporation ESOP Preferred Stock		
1,477,929 shares in 2001		
1,570,301 shares in 2000	\$92,252,328	\$91,052,333
Other securities	373,368	359,709
	-----	-----
Total investments	92,625,696	91,412,042
	-----	-----
TOTAL ASSETS	92,625,696	91,412,042
	-----	-----
LIABILITIES		
Employee Stock Ownership Plan obligation payable to VF Corporation	2,872,310	12,312,041
	-----	-----
TOTAL LIABILITIES	2,872,310	12,312,041
	-----	-----
Net assets available for benefits	\$89,753,386	\$79,100,001
	=====	=====

13

VF CORPORATION TAX-ADVANTAGED SAVINGS PLAN FOR SALARIED EMPLOYEES
Notes to Financial Statements

NOTE E -- NONPARTICIPANT DIRECTED ACCOUNTS (continued)

Changes in Net Assets	Year Ended December 31		
	2001	2000	1999
	-----	-----	-----
Investment income			
Dividends on ESOP Preferred Stock	\$ 3,147,511	\$ 3,335,572	\$ 3,540,000
Income from mutual funds and bank common trust funds	19,947	37,564	1,000
	-----	-----	-----
Contributions	3,167,458	3,373,136	3,560,000
VF Corporation*	7,121,014	7,172,768	6,900,000

Edgar Filing: V F CORP - Form 11-K

	7,121,014	7,172,768	6,90
Benefits paid to participants	(5,412,637)	(3,950,527)	(6,24
Forfeitures that reduce VF Corporation contributions	(207,517)	(201,027)	(18
Interest paid to VF Corporation on Employee Stock Ownership Plan obligation	(854,340)	(1,744,899)	(2,55
Net realized and unrealized appreciation (depreciation) in fair value of investments	6,839,407	15,139,218	(45,66
Net increase (decrease)	10,653,385	19,788,669	(44,17
Net assets available for benefits			
Beginning of year	79,100,001	59,311,332	103,48
End of year	\$ 89,753,386	\$ 79,100,001	\$ 59,31

*Effective April 2002, VF matching contributions are being made in cash.

14

VF Corporation Tax-Advantaged Savings Plan
for Salaried Employees
Line 27(a) - Schedule of Assets (Held at End of Year)
At December 31, 2001

Identity of issue, borrower, Lessor, or similar party	Number of Shares	Cost	Current Value
*Fidelity Puritan Fund	601,300	\$10,934,609	\$10,624,978
*Fidelity Growth & Income Fund	1,414,701	45,226,288	52,881,518
*Fidelity Diversified International Fund	267,054	5,706,504	5,095,385
*Fidelity Dividend Growth Fund	92,139	2,679,074	2,610,307
*Fidelity Retirement Money Market Portfolio	17,963,369	17,963,369	17,963,369
*Fidelity U.S. Equity Index Commingled Pool	963,155	36,389,162	32,506,489
Baron Asset Fund	153,067	7,667,378	6,805,359
Longleaf Small Cap Fund	196,879	4,376,196	4,268,338
*ProCapp Fixed Income Fund	2,931,796	30,477,546	34,038,156
*VF Corporation Common Stock	633,893	15,993,791	24,731,732
*VF Corporation ESOP Preferred Stock	1,477,929	60,404,262	92,252,328
*Mutual Fund Window (Self Directed Option)	N/A	57,199,118	45,115,147
Loans receivable from participants (with interest rates from 7% to 9%)	N/A	13,300,763	13,300,763
		\$308,318,060	\$342,193,869

* represents a party-in-trust

