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VF Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Robert S. Drbul - Barclays Capital.

Robert S. Drbul - Barclays Capital

Bob, what was the impact on foreign exchange in the quarter, and how are you thinking about that into the fourth quarter and as you look into next year?

Robert K. Shearer

Starting with the third quarter, as we said a little bit different rate particularly on the Euro than we anticipated but still helped revenues by a couple percentage points and added \$0.05 or \$0.06 a share. Now again, what I referred to in my comments earlier was versus our guidance again so a little bit less than that.

In the fourth quarter, once again assuming the 135 Euro versus our prior guidance so obviously having some impact there versus the prior guidance. So actually of course the Euro being below last year's fourth quarter actually pulls our revenues down by about a percentage point, and in the fourth quarter it will cost us about \$0.03 a share.

Robert S. Drbul - Barclays Capital

Eric, a couple questions for you. Can you talk about what you're seeing by brand in terms of orders as you get into the spring period, and specifically if you could share a number on the Northeast spring backlog, that would great?

Eric C. Wiseman

I don't have specific numbers for every brand at VF in front of me but I will tell you that there's caution out there and we're seeing that caution reflected in our order base going forward. Our stronger lifestyle brands continue to do better than our other brands in terms of spring bookings but our long-term guidance for brands like The North Face, we're not seeing any signs that's going to slow down based on what we now know. Probably not as specific as you'd like but that's my answer.

Robert S. Drbul - Barclays Capital

On inventories, are there any inventory areas that you're concerned about either of your brands on the wholesale level or at the retail level, and specifically on contemporary? There have been some 7

products in the clubs in the off price. I was just wondering if you could just maybe talk about where the inventories are and the run rate of that business specifically?

Eric C. Wiseman

Let me comment on the 7 For All Mankind inventory that's in the clubs. We are aware of that. We were not made aware of that by anything we did internally. We don't know specifically how we got there but it's not our policy to do that and if we find out how it got there, if it came from one of our customers, they will no longer be a customer of that brand.

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