

# NEWS & RECORD

Greensboro, N.C.

## VF ADDS SURFWEAR IN WAVE OF PURCHASES; THE COMPANY IS BUYING THE REEF CLOTHING LINE, WHICH PRODUCES SANDALS AND A LINE OF SURFING APPAREL.

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VF Corp. will buy a surfwear company later this spring, continuing a spate of recent purchases for the **Greensboro**-based apparel giant.

The acquisition of Reef, best-known for its surf sandals, puts another brand name in VF's stable. The past two years have seen the company purchase shoe-maker Vans and upscale clothier Nautica, among others.

The company started working on its latest deal about two months ago.

"We're always looking," said Cindy Knoebel, a VF spokeswoman. "This one came up and we snapped it up pretty quickly."

San Diego-based Reef is a beach-sandal powerhouse that has dabbled in apparel; clothes make up less than 10 percent of its sales.

VF, the world's largest apparel company, wants to bulk up the Reef clothing line, though it hasn't decided how to do that, Knoebel said.

VF's lines include Wrangler, Lee and The North Face.

The Reef deal is a wise move for VF, said Jim D'Aquila, managing director at The Mercanti Group, an investment-banking firm in Minneapolis. D'Aquila, who said he wasn't familiar with the financial details of the deal, said Reef's surf-inspired digs are popular with everyone from teens to the older "Beach Boys" set.

"Surfwear's popular in Topeka," he said. "And I haven't seen a big ocean there."

Terms of the deal were not disclosed, though Reef's 2004 revenues of \$75 million rival that of Green Sport Monte Bianco S.P.A. and Kipling Belgium NV, two recent VF acquisitions.

The Reef deal is expected to close by the end of April.

Founded in 1984 by brothers and native Argentinians Fernando and Santiago Aguerre, Reef's first product was a sandal designed for surfers.

In 1998, the company started selling girls' sandals. Last year, the company debuted a full men's apparel line, with board shorts and woven shirts.

Knoebel said VF will retain Reef's 130 employees, including its top managers.

VF's shares closed Monday at \$58.05, down 60 cents a share.

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