UNITED STATES
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 September 30, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 1-5256

V. F. CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-1180120**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification number)**

105 Corporate Center Boulevard
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 (or for such shorter period that the registrant was required to file such reports), 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 (§232.405 of this chapter) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

On October 28, 2017, there were 395,149,073 shares of the registrant's common stock outstanding.

VF CORPORATION

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Part I — Financial Information

Item 1 — Financial Statements (Unaudited)

VF CORPORATION

Consolidated Balance Sheets
(Unaudited)
(In thousands, except share amounts)

	September 2017	December 2016	September 2016
ASSETS			
Current assets			
Cash and equivalents	$ 1,546,128	$ 1,227,862	$ 737,825
Accounts receivable, less allowance for doubtful accounts of: September 2017 – $21,469; December 2016 – $20,539; September 2016 – $22,654	1,851,430	1,161,393	1,736,521
Inventories	1,909,563	1,471,300	1,897,546
Other current assets	319,991	296,698	293,904
Current assets of discontinued operations	315	135,845	153,227
Total current assets	5,627,427	4,293,098	4,819,023
Property, plant and equipment, net	921,217	926,010	935,015
Intangible assets, net	1,936,522	1,797,271	1,925,955
Goodwill	1,642,873	1,708,323	1,769,838
Other assets	746,882	929,190	904,742
Other assets of discontinued operations	—	85,395	88,536
Total assets	$ 10,874,921	$ 9,739,287	$ 10,443,109
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 1,985,287	$ 26,029	$ 737,660
Current portion of long-term debt	253,831	253,689	3,643
Accounts payable	554,107	642,970	550,427
Accrued liabilities	1,028,170	827,507	860,383
Current liabilities of discontinued operations	—	35,205	25,083
Total current liabilities	3,821,395	1,785,400	2,177,196
Long-term debt	2,144,221	2,039,180	2,347,122
Other liabilities	971,885	977,076	1,049,353
Other liabilities of discontinued operations	—	(3,290)	(3,339)
Commitments and contingencies			
Total liabilities	6,937,501	4,798,366	5,570,332
Stockholders' equity			
Preferred Stock, par value $1; shares authorized, 25,000,000; no shares outstanding at September 2017, December 2016 or September 2016	—	—	—
Common Stock, stated value $0.25; shares authorized, 1,200,000,000; shares outstanding at September 2017 – 394,502,698; December 2016 – 414,012,954; September 2016 – 413,682,259	98,626	103,503	103,421
Additional paid-in capital	3,456,661	3,333,423	3,313,077
Accumulated other comprehensive loss	(914,896)	(1,041,463)	(998,020)
Retained earnings	1,297,029	2,545,458	2,454,299
Total stockholders' equity	3,937,420	4,940,921	4,872,777
Total liabilities and stockholders' equity	$ 10,874,921	$ 9,739,287	$ 10,443,109

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Income
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September		Nine Months Ended September	
	2017	**2016**	**2017**	**2016**
Net sales	$ 3,481,202	$ 3,298,484	$ 8,370,183	$ 8,200,228
Royalty income	27,616	29,232	79,893	82,371
Total revenues	3,508,818	3,327,716	8,450,076	8,282,599
Costs and operating expenses				
Cost of goods sold	1,751,748	1,693,071	4,225,444	4,229,018
Selling, general and administrative expenses	1,168,470	1,026,398	3,176,536	2,939,115
Impairment of goodwill	104,651	—	104,651	—
Total costs and operating expenses	3,024,869	2,719,469	7,506,631	7,168,133
Operating income	483,949	608,247	943,445	1,114,466
Interest income	4,571	2,215	11,672	6,459
Interest expense	(27,108)	(24,783)	(75,004)	(70,441)
Other income (expense), net	(332)	(1,097)	(2,052)	1,696
Income from continuing operations before income taxes	461,080	584,582	878,061	1,052,180
Income taxes	74,316	99,358	161,753	188,528
Income from continuing operations	386,764	485,224	716,308	863,652
Income (loss) from discontinued operations, net of tax	(624)	13,265	(11,116)	(53,879)
Net income	$ 386,140	$ 498,489	$ 705,192	$ 809,773
Earnings (loss) per common share - basic				
Continuing operations	$ 0.98	$ 1.17	$ 1.79	$ 2.07
Discontinued operations	—	0.03	(0.03)	(0.13)
Total earnings per common share - basic	$ 0.98	$ 1.21	$ 1.76	$ 1.94
Earnings (loss) per common share - diluted				
Continuing operations	$ 0.97	$ 1.16	$ 1.77	$ 2.04
Discontinued operations	—	0.03	(0.03)	(0.13)
Total earnings per common share - diluted	$ 0.97	$ 1.19	$ 1.74	$ 1.91
Cash dividends per common share	$ 0.42	$ 0.37	$ 1.26	$ 1.11

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Comprehensive Income
(Unaudited)
(In thousands)

	Three Months Ended September		Nine Months Ended September	
	2017	2016	2017	2016
Net income	$ 386,140	$ 498,489	$ 705,192	$ 809,773
Other comprehensive income (loss)				
Foreign currency translation and other				
Gains (losses) arising during the period	53,481	4,154	188,649	48,222
Less income tax effect	11,764	508	37,966	(604)
Defined benefit pension plans				
Amortization of net deferred actuarial losses	10,030	16,303	31,414	48,928
Amortization of deferred prior service costs	643	645	2,000	1,937
Current year actuarial gains (losses) and curtailment loss	—	—	20,996	—
Less income tax effect	(3,743)	(6,541)	(19,872)	(19,561)
Derivative financial instruments				
Gains (losses) arising during the period	(51,147)	9,571	(117,580)	32,837
Less income tax effect	(679)	(3,675)	9,744	(12,506)
Reclassification to net income for (gains) losses realized	(4,609)	(28,458)	(32,419)	(87,777)
Less income tax effect	(39)	10,928	5,669	33,726
Other comprehensive income (loss)	15,701	3,435	126,567	45,202
Comprehensive income	$ 401,841	$ 501,924	$ 831,759	$ 854,975

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine Months Ended September	
	2017	2016
Operating activities		
Net income	$ 705,192	$ 809,773
Adjustments to reconcile net income to cash provided by operating activities:		
Impairment of goodwill	104,651	—
Depreciation and amortization	207,590	205,491
Stock-based compensation	57,709	54,933
Provision for doubtful accounts	11,396	16,193
Pension expense in excess of contributions	17,601	33,866
Loss on sale of businesses	4,936	104,357
Other, net	15,187	22,466
Changes in operating assets and liabilities:		
Accounts receivable	(625,574)	(501,186)
Inventories	(390,419)	(443,115)
Accounts payable	(111,276)	(116,800)
Income taxes	(77,125)	(141,262)
Accrued liabilities	126,247	56,055
Other assets and liabilities	(39,432)	(53,574)
Cash provided by operating activities	6,683	47,197
Investing activities		
Proceeds from sale of businesses, net of cash sold	213,494	115,983
Capital expenditures	(124,393)	(129,947)
Software purchases	(53,451)	(31,843)
Other, net	(10,558)	(4,997)
Cash provided (used) by investing activities	25,092	(50,804)
Financing activities		
Net increase in short-term borrowings	1,959,335	287,759
Payments on long-term debt	(2,749)	(12,385)
Payment of debt issuance costs	—	(6,772)
Proceeds from long-term debt	—	951,782
Purchases of treasury stock	(1,200,356)	(1,000,230)
Cash dividends paid	(502,993)	(462,406)
Proceeds from issuance of Common Stock, net of shares withheld for taxes	48,144	40,667
Cash provided (used) by financing activities	301,381	(201,585)
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	(13,914)	1,018
Net change in cash, cash equivalents and restricted cash	319,242	(204,174)
Cash, cash equivalents and restricted cash – beginning of year	1,231,026	946,396
Cash, cash equivalents and restricted cash – end of period	$ 1,550,268	$ 742,222

Balances per Consolidated Balance Sheets:		
Cash and cash equivalents	$ 1,546,128	$ 737,825
Other current assets	3,309	3,686
Other assets	831	711
Total cash, cash equivalents and restricted cash	$ 1,550,268	$ 742,222

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings
	Shares	Amounts			
Balance, December 2015	426,614,274	$ 106,654	$ 3,192,675	$ (1,043,222)	$ 3,128,731
Net income	—	—	—	—	1,074,106
Dividends on Common Stock	—	—	—	—	(635,994)
Purchase of treasury stock	(15,932,075)	(3,983)	—	—	(996,485)
Stock-based compensation, net	3,330,755	832	140,748	—	(24,900)
Foreign currency translation and other	—	—	—	(76,410)	—
Defined benefit pension plans	—	—	—	69,498	—
Derivative financial instruments	—	—	—	8,671	—
Balance, December 2016	414,012,954	103,503	3,333,423	(1,041,463)	2,545,458
Adoption of new accounting standard	—	—	—	—	(237,764)
Net income	—	—	—	—	705,192
Dividends on Common Stock	—	—	—	—	(502,993)
Purchase of treasury stock	(22,213,162)	(5,553)	—	—	(1,194,803)
Stock-based compensation, net	2,702,906	676	123,238	—	(18,061)
Foreign currency translation and other	—	—	—	226,615	—
Defined benefit pension plans	—	—	—	34,538	—
Derivative financial instruments	—	—	—	(134,586)	—
Balance, September 2017	394,502,698	$ 98,626	$ 3,456,661	$ (914,896)	$ 1,297,029

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Unaudited)

Note A – Basis of Presentation

VF Corporation (together with its subsidiaries, collectively known as "VF" or "the Company") uses a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. For presentation purposes herein, all references to periods ended September 2017, December 2016 and September 2016 relate to the fiscal periods ended on September 30, 2017, December 31, 2016 and October 1, 2016, respectively. During the first quarter of 2017, the Company approved a change in fiscal year end to the Saturday closest to March 31 from the Saturday closest to December 31. Accordingly, the Company's 2017 fiscal year will end as planned on December 30, 2017, followed by a three-month transition period from December 31, 2017 through March 31, 2018. The Company's next fiscal year will run from April 1, 2018 through March 30, 2019 ("fiscal 2019").

On April 28, 2017, VF completed the sale of its Licensed Sports Group ("LSG") business. As a result, VF reported the operating results for this business in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for all periods presented. In addition, the related assets and liabilities have been reported as assets and liabilities of discontinued operations in the Consolidated Balance Sheets through the date of sale. In conjunction with the LSG divestiture, VF executed its plan to entirely exit the licensing business and has included the *JanSport®* brand collegiate business as discontinued operations in our Consolidated Statements of Income and Consolidated Balance Sheets for all periods presented.

In addition, VF completed the sale of its Contemporary Brands coalition on August 26, 2016, and has reported the operating results for this business in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for the three and nine months ended September 2016. Unless otherwise noted, discussion within these notes to the consolidated financial statements relates to continuing operations. Refer to Note C for additional information on discontinued operations.

The accompanying unaudited condensed 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 in the United States of America ("GAAP") for complete financial statements. Similarly, the December 2016 condensed 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 condensed consolidated financial statements contain all normal and recurring adjustments necessary to fairly state the consolidated financial position, results of operations and cash flows of VF for the interim periods presented. Operating results for the three and nine months ended September 2017 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 30, 2017. 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 2016 ("2016 Form 10-K").

Note B – Acquisition

On August 11, 2017, VF entered into a definitive merger agreement to acquire 100% of the outstanding shares of Williamson-Dickie Mfg. Co. ("Williamson-Dickie"). The acquisition was completed on October 2, 2017 for $800.7 million in cash, subject to working capital and other adjustments. The purchase price was primarily funded with short-term borrowings. Williamson-Dickie is a privately held company based in Ft. Worth, TX, and is one of the largest companies in the workwear sector with a portfolio of brands including *Dickies®*, *Workrite®*, *Kodiak®*, *Terra®* and *Walls®*. The Company believes the acquisition brings together complementary assets and capabilities, and creates a workwear business that will now serve an even broader set of consumers and industries around the world. The Company is still in the process of aligning accounting policies and valuing the assets acquired and liabilities assumed, and as such, certain disclosures regarding this transaction have not been included herein.

The Company recognized $4.9 million of transaction and deal-related expenses in the three and nine months ended September 2017.

Note C – Discontinued Operations

The Company continuously assesses the composition of our portfolio to ensure it is aligned with our strategic objectives and positioned to maximize growth and return to our shareholders.

Divestiture of the Licensing Business

On April 28, 2017, VF completed the sale of LSG to Fanatics, Inc. The Company received net proceeds of $213.5 million and recorded an after-tax loss on sale of $4.1 million, which is included in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for the first nine months of 2017. The final adjustment to the after-tax loss on sale was $0.3 million in the third quarter of 2017.

LSG included the *Majestic®* brand, which supplied apparel and fanware through licensing agreements with U.S. and international professional sports leagues and teams, and was previously included within our Imagewear coalition. Under the terms of the transition services agreement, the Company is providing certain support services for periods ranging from three to 24 months from the closing date of the transaction. Revenue and expense items associated with the transition services are primarily recorded in the Imagewear coalition.

Beginning in the first quarter of 2017, VF reported the results of LSG in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income; accordingly, the results have been excluded from continuing operations and segment results for all periods presented. The LSG results, including the loss on sale, recorded in the income (loss) from discontinued operations, net of tax line item were income of $0.3 million and losses of $4.6 million for the third quarter and first nine months of 2017, respectively, and income of $18.1 million and $45.1 million for the third quarter and first nine months of 2016, respectively. Prior to the sale, the related assets and liabilities of LSG were reported as assets and liabilities of discontinued operations in the Consolidated Balance Sheets.

In conjunction with the LSG divestiture, VF executed its plan to entirely exit all of its licensing businesses, and has classified the assets of the *JanSport®* brand collegiate business as held-for-sale in VF's Consolidated Balance Sheets for all periods presented. The assets of the *JanSport®* brand collegiate business are recorded at their fair value of $0.3 million at September 2017.

Management determined that the expected sale of the *JanSport®* brand collegiate business met the criteria for presentation as discontinued operations in the first quarter of 2017. Accordingly, the results of the *JanSport®* brand collegiate business have been presented as discontinued operations in VF's Consolidated Statements of Income beginning in the first quarter of 2017, and thus have been excluded from continuing operations and segment results for all periods presented. The *JanSport®* brand collegiate results, including the estimated loss on sale, recorded in the income (loss) from discontinued operations, net of tax line item were losses of $0.9 million and $6.5 million for the third quarter and first nine months of 2017, respectively, and losses of $0.3 million and $0.6 million for the third quarter and first nine months of 2016, respectively. The *JanSport®* brand collegiate business was previously included within our Outdoor & Action Sports coalition.

Certain corporate overhead and other costs previously allocated to the licensing business for segment reporting purposes do not qualify for classification within discontinued operations and have been reallocated to continuing operations.

Divestiture of the Contemporary Brands Coalition

On August 26, 2016, VF completed the sale of its Contemporary Brands coalition to Delta Galil Industries, Ltd. for $116.9 million. The Contemporary Brands coalition included the businesses of the *7 For All Mankind®*, *Splendid®* and *Ella Moss®* brands (the "Businesses") and was previously disclosed as a separate reportable segment of VF.

The transaction resulted in an after-tax loss on sale of $104.4 million which was included in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for the first nine months of 2016. The after-tax loss on sale included in the income (loss) from discontinued operations, net of tax line item for the third quarter of 2016 was $3.8 million.

VF reported the results of the Businesses as discontinued operations for the third quarter and first nine months of 2016 and excluded them from continuing operations and segment results. The results of the Businesses, including the loss on sale, recorded in the income (loss) from discontinued operations, net of tax line item for the third quarter and first nine months of 2016 were losses of $4.5 million and $98.4 million, respectively.

VF provided certain support services under transition services agreements and completed these services during the third quarter of 2017. These services did not have a material impact on VF's Consolidated Statement of Income for the nine months ended September 2017.

Summarized Discontinued Operations Financial Information

The following table summarizes the major line items included in the income (loss) from discontinued operations for the divestitures of the licensing business and Contemporary Brands coalition:

	Three Months Ended September		Nine Months Ended September	
In thousands	2017	2016	2017	2016
Revenues	$ 6,498	$ 203,696	$ 160,323	$ 603,651
Cost of goods sold	6,580	127,876	121,172	362,215
Selling, general and administrative expenses	1,341	51,714	36,059	173,574
Interest expense, net	(1)	(21)	(26)	(183)
Other income (expense), net	—	7	—	3
Income (loss) from discontinued operations before income taxes	(1,424)	24,092	3,066	67,682
Gain (loss) on the sale of discontinued operations before income taxes	411	(4,439)	(9,506)	(154,275)
Total income (loss) from discontinued operations before income taxes	(1,013)	19,653	(6,440)	(86,593)
Income tax (expense) benefit[a]	389	(6,388)	(4,676)	32,714
Income (loss) from discontinued operations, net of tax	$ (624)	$ 13,265	$ (11,116)	$ (53,879)

(a) Income tax (expense) benefit for the nine months ended September 2017 includes $8.6 million of deferred tax expense related to GAAP and tax basis differences for LSG.

The following table summarizes the carrying amounts of major classes of assets and liabilities of discontinued operations for each of the periods presented.

In thousands	September 2017	December 2016	September 2016
Accounts receivable, net	$ —	$ 36,285	$ 48,768
Inventories	—	98,025	102,450
Other current assets	—	1,535	2,009
Property, plant and equipment, net	315	13,640	14,297
Intangible assets	—	42,427	44,833
Goodwill	—	28,636	28,636
Other assets	—	692	770
Total assets of discontinued operations[a]	$ 315	$ 221,240	$ 241,763
Accounts payable	$ —	$ 21,674	$ 15,318
Accrued liabilities	—	13,531	9,765
Other liabilities	—	791	801
Deferred income tax liabilities[b]	—	(4,081)	(4,140)
Total liabilities of discontinued operations[a]	$ —	$ 31,915	$ 21,744

(a) Amounts at December 2016 and September 2016 have been classified as current and long-term in the Consolidated Balance Sheets.

(b) Deferred income tax balances reflect VF's consolidated netting by jurisdiction.

The cash flows related to discontinued operations have not been segregated, and are included in the Consolidated Statements of Cash Flows. There were no significant capital expenditures and operating noncash items for any periods presented. Depreciation and amortization expense was $3.0 million and $10.9 million for the nine months ended September 2017 and 2016, respectively.

Note D – 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 $367.5 million of VF's accounts receivable may be sold to the financial institution and remain outstanding at any point in time. VF removes the accounts receivable from the Consolidated Balance Sheets at the time of sale. VF does not retain any interests in the sold accounts receivable but continues to service and collect outstanding accounts receivable on behalf of the financial institution. During the first nine months of 2017, VF sold total accounts receivable of $871.6 million. As of September 2017, December 2016 and September 2016, $191.4 million, $209.5 million and $212.3 million, respectively, of the sold accounts receivable had been removed from the Consolidated Balance Sheets but remained outstanding with the financial institution. The funding fee charged by the financial institution is included in the other income (expense), net line item in the Consolidated Statements of Income, and was $0.8 million and $2.7 million for the third quarter and first nine months of 2017, respectively, and $0.8 million and $2.5 million for the third quarter and first nine months of 2016, respectively. Net proceeds of this program are classified in operating activities in the Consolidated Statements of Cash Flows.

Note E – Inventories

In thousands	September 2017	December 2016	September 2016
Finished products	$ 1,717,516	$ 1,278,504	$ 1,706,612
Work-in-process	106,120	97,725	96,727
Raw materials	85,927	95,071	94,207
Total inventories	$ 1,909,563	$ 1,471,300	$ 1,897,546

Note F – Intangible Assets

			September 2017			December 2016
In thousands	Weighted Average Amortization Period	Amortization Method	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Amortizable intangible assets:						
Customer relationships	20 years	Accelerated	$ 265,725	$ 134,246	$ 131,479	$ 128,422
License agreements	28 years	Accelerated	109,370	62,278	47,092	49,682
Trademark	16 years	Straight-line	58,132	6,358	51,774	54,499
Other	9 years	Straight-line	9,658	3,846	5,812	3,297
Amortizable intangible assets, net					236,157	235,900
Indefinite-lived intangible assets:						
Trademarks and trade names					1,700,365	1,561,371
Intangible assets, net					$ 1,936,522	$ 1,797,271

Amortization expense for the third quarter and first nine months of 2017 was $5.6 million and $16.3 million, respectively. Based on the carrying amounts of amortizable intangible assets noted above, estimated amortization expense for the next five 12-month periods beginning in 2017 is $21.9 million, $21.9 million, $21.3 million, $20.4 million and $19.4 million, respectively.

Note G – Goodwill

Changes in goodwill are summarized by business segment as follows:

In thousands	Outdoor & Action Sports	Jeanswear	Imagewear	Sportswear	Total
Balance, December 2016	$ 1,310,133	$ 210,765	$ 30,111	$ 157,314	$ 1,708,323
Impairment charge	—	—	—	(104,651)	(104,651)
Currency translation	32,260	6,941	—	—	39,201
Balance, September 2017	$ 1,342,393	$ 217,706	$ 30,111	$ 52,663	$ 1,642,873

During the third quarter of 2017, VF performed an interim impairment analysis of the *Nautica®* reporting unit and recorded an impairment charge of $104.7 million. *Nautica®* is part of the Sportswear coalition. Refer to Note N for additional information on fair value measurements.

As of September 2017, accumulated impairment charges for the Outdoor & Action Sports and Sportswear coalitions were $82.7 million and $163.2 million, respectively. As of December 2016, accumulated impairment charges for the Outdoor & Action Sports and Sportswear coalitions were $82.7 million and $58.5 million, respectively.

Note H – Pension Plans

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

	Three Months Ended September		Nine Months Ended September	
In thousands	2017	2016	2017	2016
Service cost – benefits earned during the period	$ 6,202	$ 6,478	$ 18,733	$ 19,434
Interest cost on projected benefit obligations	14,730	16,991	44,254	51,066
Expected return on plan assets	(23,825)	(24,869)	(70,977)	(74,714)
Amortization of deferred amounts:				
Net deferred actuarial losses	10,030	16,303	31,414	48,928
Deferred prior service costs	643	645	2,000	1,937
Net periodic pension cost	$ 7,780	$ 15,548	$ 25,424	$ 46,651

VF contributed $7.8 million to its defined benefit plans during the first nine months of 2017, and intends to make approximately $7.2 million of additional contributions during the remainder of 2017.

In conjunction with the sale of the licensing business, the Company recognized a $1.1 million pension curtailment loss in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statement of Income in the first nine months of 2017.

Note I – Capital and Accumulated Other Comprehensive Loss

During the first nine months of 2017, the Company purchased 22.2 million shares of Common Stock in open market transactions for $1.2 billion under its share repurchase program authorized by VF's Board of Directors. These transactions were treated as treasury stock transactions.

Common Stock outstanding is net of shares held in treasury which are, in substance, retired. During the first nine months of 2017, VF restored 22.3 million treasury shares to an unissued status, after which they were no longer recognized as shares held in treasury. There were no shares held in treasury at the end of September 2017 or December 2016, and 2,600 shares held in treasury at the end of September 2016. The excess of the cost of treasury shares acquired over the $0.25 per share stated value of Common Stock is deducted from retained earnings.

VF Common Stock is also held by the Company's deferred compensation plans and is treated as treasury shares for financial reporting purposes. During the first nine months of 2017, the Company purchased 6,540 shares of Common Stock in open market transactions for $0.4 million. Balances related to shares held for deferred compensation plans were as follows:

In thousands, except share amounts	September 2017	December 2016	September 2016
Shares held for deferred compensation plans	320,615	439,667	450,067
Cost of shares held for deferred compensation plans	$ 3,973	$ 5,464	$ 5,434

Accumulated Other Comprehensive Loss

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

In thousands	September 2017	December 2016	September 2016
Foreign currency translation and other	$ (567,964)	$ (794,579)	$ (670,551)
Defined benefit pension plans	(268,159)	(302,697)	(340,891)
Derivative financial instruments	(78,773)	55,813	13,422
Accumulated other comprehensive loss	$ (914,896)	$ (1,041,463)	$ (998,020)

The changes in accumulated OCI, net of related taxes, are as follows:

	Three Months Ended September 2017			
In thousands	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, June 2017	$ (633,209)	$ (275,089)	$ (22,299)	$ (930,597)
Other comprehensive income (loss) before reclassifications	65,245	—	(51,826)	13,419
Amounts reclassified from accumulated other comprehensive income (loss)	—	6,930	(4,648)	2,282
Net other comprehensive income (loss)	65,245	6,930	(56,474)	15,701
Balance, September 2017	$ (567,964)	$ (268,159)	$ (78,773)	$ (914,896)

	Three Months Ended September 2016			
In thousands	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, June 2016	$ (675,213)	$ (351,298)	$ 25,056	$ (1,001,455)
Other comprehensive income (loss) before reclassifications	4,662	—	5,896	10,558
Amounts reclassified from accumulated other comprehensive income (loss)	—	10,407	(17,530)	(7,123)
Net other comprehensive income (loss)	4,662	10,407	(11,634)	3,435
Balance, September 2016	$ (670,551)	$ (340,891)	$ 13,422	$ (998,020)

	Nine Months Ended September 2017			
In thousands	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, December 2016	$ (794,579)	$ (302,697)	$ 55,813	$ (1,041,463)
Other comprehensive income (loss) before reclassifications	226,615	12,253	(107,836)	131,032
Amounts reclassified from accumulated other comprehensive income (loss)	—	22,285	(26,750)	(4,465)
Net other comprehensive income (loss)	226,615	34,538	(134,586)	126,567
Balance, September 2017	$ (567,964)	$ (268,159)	$ (78,773)	$ (914,896)

In thousands	Nine Months Ended September 2016 Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, December 2015	$ (718,169)	$ (372,195)	$ 47,142	$ (1,043,222)
Other comprehensive income (loss) before reclassifications	47,618	—	20,331	67,949
Amounts reclassified from accumulated other comprehensive income (loss)	—	31,304	(54,051)	(22,747)
Net other comprehensive income (loss)	47,618	31,304	(33,720)	45,202
Balance, September 2016	$ (670,551)	$ (340,891)	$ 13,422	$ (998,020)

Reclassifications out of accumulated OCI are as follows:

In thousands Details About Accumulated Other Comprehensive Income (Loss) Components	Affected Line Item in the Consolidated Statements of Income	Three Months Ended September 2017	2016	Nine Months Ended September 2017	2016
Amortization of defined benefit pension plans:					
Net deferred actuarial losses	(a)	$ (10,030)	$ (16,303)	$ (31,414)	$ (48,928)
Deferred prior service costs	(a)	(643)	(645)	(2,000)	(1,937)
Pension curtailment loss	Income (loss) from discontinued operations, net of tax	—	—	(1,105)	—
	Total before tax	(10,673)	(16,948)	(34,519)	(50,865)
	Tax benefit	3,743	6,541	12,234	19,561
	Net of tax	(6,930)	(10,407)	(22,285)	(31,304)
Gains (losses) on derivative financial instruments:					
Foreign exchange contracts	Net sales	11,614	14,676	25,074	11,997
Foreign exchange contracts	Cost of goods sold	(4,164)	15,485	12,763	80,094
Foreign exchange contracts	Selling, general and administrative expenses	(882)	(1,098)	(1,212)	(3,611)
Foreign exchange contracts	Other income (expense), net	(774)	526	(688)	2,653
Interest rate contracts	Interest expense	(1,185)	(1,131)	(3,518)	(3,356)
	Total before tax	4,609	28,458	32,419	87,777
	Tax benefit (expense)	39	(10,928)	(5,669)	(33,726)
	Net of tax	4,648	17,530	26,750	54,051
Total reclassifications for the period	Net of tax	$ (2,282)	$ 7,123	$ 4,465	$ 22,747

(a) These accumulated OCI components are included in the computation of net periodic pension cost (refer to Note H for additional details).

Note J – Stock-based Compensation

During the first nine months of 2017, VF granted stock options to employees and nonemployee members of VF's Board of Directors to purchase 3,508,940 shares of its Common Stock at a weighted average exercise price of $53.68 per share. The exercise price of each option granted was equal to the fair market value of VF Common Stock on the date of grant. Employee stock options vest in equal annual installments over three years. Stock options granted to nonemployee members of 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:

	2017
Expected volatility	23% to 30%
Weighted average expected volatility	24%
Expected term (in years)	6.3 to 7.7
Weighted average dividend yield	2.8%
Risk-free interest rate	0.7% to 2.4%
Weighted average fair value at date of grant	$9.90

Also during the first nine months of 2017, VF granted 615,937 performance-based restricted stock units ("RSU") to employees that enable them to receive shares of VF Common Stock at the end of a three-year period. Each performance-based RSU has a potential final payout 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. Shares are issued to participants in the year following the conclusion of each three-year performance period. The weighted average fair market value of VF Common Stock at the date the units were granted was $53.69 per share.

The actual number of performance-based RSUs 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. The grant date fair value of the TSR-based adjustment related to the 2017 performance-based RSU grants was determined using a Monte Carlo simulation technique that incorporates option-pricing model inputs, and was $2.67 per share.

VF granted 17,964 nonperformance-based RSUs to nonemployee members of the Board of Directors during the first quarter of 2017. 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 $53.47 per share.

VF granted 186,447 nonperformance-based RSUs to certain key employees in international jurisdictions during the first nine months of 2017. These units vest over periods of up to four years from the date of grant and each unit entitles the holder to one share of VF Common Stock. The weighted average fair market value of VF Common Stock at the date the units were granted was $57.70.

VF granted 385,915 restricted shares of VF Common Stock to certain members of management during the first nine months of 2017. These shares vest over periods of up to five years from the date of grant. The weighted average fair market value of VF Common Stock at the date the shares were granted was $55.74 per share.

Note K – Income Taxes

The effective income tax rate for the first nine months of 2017 was 18.4% compared to 17.9% in the first nine months of 2016. The first nine months of 2017 included a net discrete tax benefit of $14.4 million, which included a $12.5 million tax benefit related to stock compensation, $4.1 million of net tax benefits related to the realization of previously unrecognized tax benefits and interest, and $1.9 million of discrete tax expense related to the effects of tax rate changes. The $14.4 million net discrete tax benefit in 2017 reduced the effective income tax rate by 1.6%. The first nine months of 2016 included a net discrete tax benefit of $40.3 million, which included a $26.3 million tax benefit related to the early adoption of the accounting standards update on stock compensation, $15.6 million of net tax benefits related to the realization of previously unrecognized tax benefits and interest, and $4.1 million of discrete tax expense related to the effects of tax rate changes. The $40.3 million net discrete tax benefit in 2016 reduced the effective income tax rate by 3.8%. Without discrete items, the effective income tax rate for the first nine months of 2017 decreased by 1.7% compared with the 2016 period primarily due to a higher percentage of income in lower tax rate jurisdictions and the impact of early adopting the accounting standards update regarding intra-entity asset transfers, partially offset by the impact of goodwill impairment recorded in the quarter.

VF files a consolidated U.S. federal income tax return, as well as separate and combined income tax returns in numerous state and international jurisdictions. In the U.S., the Internal Revenue Service ("IRS") examinations for tax years through 2012 have been effectively settled. The examination of Timberland's 2011 tax return is ongoing. The IRS has proposed material adjustments to Timberland's 2011 tax return that would significantly impact the timing of cash tax payments and assessment of interest charges. The Company has formally disagreed with the proposed adjustments. During 2015, VF filed a petition to the U.S. Tax Court to begin the process of resolving this matter, but it has not yet reached a resolution. 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, and has concluded that VF's provision for income taxes is adequate. 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.

VF was granted a ruling which lowered the effective income tax rate on taxable earnings for years 2010 through 2014 under Belgium's excess profit tax regime. In February 2015, the European Union Commission ("EU") opened a state aid investigation into Belgium's rulings. On January 11, 2016, the EU announced its decision that these rulings were illegal and ordered that tax benefits granted under these rulings should be collected from the affected companies, including VF. On March 22, 2016, the Belgium government filed an appeal seeking annulment of the EU decision. Additionally, on June 21, 2016, VF Europe BVBA filed its own application for annulment of the EU decision. Both of the listed requests for annulment remain open and unresolved.

On December 22, 2016, Belgium adopted a law which entitled the Belgium tax authorities to issue tax assessments, and demand timely payments from companies which benefited from the excess profits regime. On January 10, 2017, VF Europe BVBA received an assessment for €31.9 million tax and interest related to excess profits benefits received in prior years. VF Europe BVBA remitted €31.9 million ($33.9 million) on January 13, 2017, which was recorded as an income tax receivable based on the expected success of the aforementioned requests for annulment. If this matter is adversely resolved, these amounts will not be collected by VF.

During the first nine months of 2017, the amount of net unrecognized tax benefits and associated interest increased by $2.6 million to $153.1 million. Management believes that it is reasonably possible that the amount of unrecognized income tax benefits and interest may decrease during the next 12 months by approximately $19.1 million related to the completion of examinations and other settlements with tax authorities and the expiration of statutes of limitations, of which $16.9 million would reduce income tax expense.

Note L – 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 segments. Financial information for VF's reportable segments is as follows:

	Three Months Ended September		Nine Months Ended September	
In thousands	2017	2016	2017	2016
Coalition revenues:				
Outdoor & Action Sports	$ 2,502,590	$ 2,326,436	$ 5,647,587	$ 5,378,272
Jeanswear	697,701	701,416	1,945,950	2,041,186
Imagewear	138,885	127,992	423,859	404,633
Sportswear	140,272	140,705	352,848	373,977
Other	29,370	31,167	79,832	84,531
Total coalition revenues	$ 3,508,818	$ 3,327,716	$ 8,450,076	$ 8,282,599
Coalition profit: [a]				
Outdoor & Action Sports	$ 524,489	$ 491,015	$ 877,206	$ 842,378
Jeanswear	121,218	142,427	323,994	388,564
Imagewear	22,377	23,981	72,349	74,497
Sportswear	17,488	15,080	27,764	26,156
Other	(737)	(341)	(3,225)	(3,523)
Total coalition profit	684,835	672,162	1,298,088	1,328,072
Impairment of goodwill [b]	(104,651)	—	(104,651)	—
Corporate and other expenses [a]	(96,567)	(65,012)	(252,044)	(211,910)
Interest expense, net	(22,537)	(22,568)	(63,332)	(63,982)
Income from continuing operations before income taxes	$ 461,080	$ 584,582	$ 878,061	$ 1,052,180

(a) Certain corporate overhead and other costs of $6.0 million and $18.2 million for the three and nine-month periods ended September 2016, respectively, previously allocated to the Imagewear and Outdoor & Action Sports coalitions for segment reporting purposes, have been reallocated to continuing operations as discussed in Note C.

(b) Represents goodwill impairment charge in 2017 related to the Sportswear coalition as discussed in Notes G and N. The impairment charge was excluded from the profit of the Sportswear coalition since it is not part of the ongoing operations of the business.

Note M – Earnings Per Share

	Three Months Ended September		Nine Months Ended September	
In thousands, except per share amounts	2017	2016	2017	2016
Earnings per share – basic:				
Income from continuing operations	$ 386,764	$ 485,224	$ 716,308	$ 863,652
Weighted average common shares outstanding	393,258	413,461	400,771	417,067
Earnings per share from continuing operations	$ 0.98	$ 1.17	$ 1.79	$ 2.07
Earnings per share – diluted:				
Income from continuing operations	$ 386,764	$ 485,224	$ 716,308	$ 863,652
Weighted average common shares outstanding	393,258	413,461	400,771	417,067
Incremental shares from stock options and other dilutive securities	4,126	5,779	3,848	6,410
Adjusted weighted average common shares outstanding	397,384	419,240	404,619	423,477
Earnings per share from continuing operations	$ 0.97	$ 1.16	$ 1.77	$ 2.04

Outstanding options to purchase 4.9 million and 8.6 million shares of Common Stock were excluded from the calculations of diluted earnings per share for the three and nine-month periods ended September 2017, respectively, and options to purchase 5.2

million and 5.3 million shares were excluded from the calculations of diluted earnings per share for the three and nine-month periods ended September 2016, respectively, because the effect of their inclusion would have been antidilutive to those periods. In addition, 1.1 million shares of performance-based RSUs were excluded from the calculations of diluted earnings per share for both the three and nine-month periods ended September 2017, and 1.0 million shares of performance-based RSUs were excluded from the calculations of diluted earnings per share for both the three and nine-month periods ended September 2016 because these units were not considered to be contingent outstanding shares in those periods.

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. These inputs would normally be VF's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

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:

		Fair Value Measurement Using [a]		
In thousands	Total Fair Value	Level 1	Level 2	Level 3
September 2017				
Financial assets:				
Cash equivalents:				
Money market funds	$ 405,045	$ 405,045	$ —	$ —
Time deposits	8,307	8,307	—	—
Derivative financial instruments	26,658	—	26,658	—
Investment securities	202,721	189,744	12,977	—
Financial liabilities:				
Derivative financial instruments	89,212	—	89,212	—
Deferred compensation	233,151	—	233,151	—
December 2016				
Financial assets:				
Cash equivalents:				
Money market funds	$ 840,842	$ 840,842	$ —	$ —
Time deposits	14,774	14,774	—	—
Derivative financial instruments	103,340	—	103,340	—
Investment securities	196,738	179,673	17,065	—
Financial liabilities:				
Derivative financial instruments	25,574	—	25,574	—
Deferred compensation	232,214	—	232,214	—

(a) There were no transfers among the levels within the fair value hierarchy during the first nine months of 2017 or the year ended December 2016.

VF's cash equivalents include money market funds and short-term time deposits that approximate fair value based on Level 1 measurements. The fair value of derivative financial instruments, which consist of forward foreign currency exchange contracts, is determined based on observable market inputs (Level 2), including spot and forward exchange rates for foreign currencies, and considers the credit risk of the Company and its counterparties. Investment securities are held in VF's deferred compensation plans as an economic hedge of the related deferred compensation liabilities. These investments are classified as trading securities and primarily include mutual funds (Level 1) that are valued based on quoted prices in active markets and a separately managed fixed-income fund (Level 2) with underlying investments that are valued based on quoted prices for similar assets in active markets or quoted prices in inactive markets for identical assets. Liabilities related to VF's deferred compensation plans are recorded at amounts due to participants, based on the fair value of the participants' selection of hypothetical investments.

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 September 2017 and December 2016, their carrying values approximated their fair values. Additionally, at September 2017 and December 2016, the carrying values of VF's long-term debt, including the current portion, were $2,398.1 million and $2,292.9 million, respectively, compared with fair values of $2,614.6 million and $2,486.6 million at those respective dates. Fair value for long-term debt is a Level 2 estimate based on quoted market prices or values of comparable borrowings.

Nonrecurring Fair Value Measurements

Certain non-financial assets, primarily property, plant and equipment, goodwill and intangible assets, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, these assets are required to be assessed for impairment whenever events or circumstances indicate that their carrying value may not be fully recoverable, and at least annually for goodwill and indefinite-lived intangible assets. In the event an impairment is required, the asset is adjusted to estimated fair value, using market-based assumptions.

The Company recorded $8.6 million of fixed asset impairments in the third quarter and first nine months of 2017, and the charges are recorded in the selling, general and administrative expenses line item in the Consolidated Statements of Income. There were no significant impairment charges related to property, plant and equipment in the third quarter and first nine months of 2016.

Subsequent to our annual impairment testing completed in the fourth quarter of 2016, the Company continued to monitor the actual performance of the *Nautica®* brand reporting unit and determined that there were no triggering events in the first and second quarters of fiscal 2017. On August 26, 2017, management commenced a strategic assessment of the *Nautica®* brand which was considered a triggering event for the reporting unit and trademark intangible asset.

The *Nautica®* brand was acquired in 2003 and sells sportswear in the U.S. through department stores, specialty stores, VF-operated stores and online. It also has significant global licensing arrangements. The *Nautica®* brand is part of the Sportswear coalition and represents substantially all of the coalition's goodwill value. As part of the 2009 annual impairment analysis,VF recorded an impairment charge of $58.5 million to write the goodwill down to its estimated fair value. The remaining book values of the goodwill and trademark intangible asset at the 2017 testing date were $153.7 million and $217.4 million, respectively.

The impairment testing of goodwill and the trademark intangible asset utilized significant unobservable inputs (Level 3) to determine the estimated fair value. As a result of the interim impairment testing performed, VF recognized a goodwill impairment charge of $104.7 million in the Consolidated Statements of Income for the three and nine months ended September 2017. VF early adopted the recently issued accounting guidance that simplifies the subsequent measurement of goodwill and calculated the impairment charge as the difference between the carrying value of the reporting unit and the estimated fair value. The estimated fair value of the trademark intangible asset exceeded its carrying value by a substantial amount and thus the asset was not impaired.

The estimated fair value of the *Nautica®* reporting unit for goodwill impairment testing was determined using a combination of two valuation methods: an income approach and a market approach. The income approach was based on projected future (debt-free) cash flows that were discounted to present value and assumed a terminal growth value. The discount rate was based on the reporting unit's weighted average cost of capital ("WACC") that takes market participant assumptions into consideration. For the market approach, management used both the guideline company and similar transaction methods. The guideline company method analyzed market multiples of revenues and earnings before interest, taxes, depreciation and amortization ("EBITDA") for a group of comparable public companies. The market multiples used in the valuation were based on the relative strengths and weaknesses of the reporting unit compared to the selected guideline companies. Under the similar transactions method, valuation multiples were calculated utilizing actual transaction prices and revenue/EBITDA data from target companies deemed similar to the reporting unit.

Management used the income-based relief-from-royalty method to value the *Nautica®* trademark intangible asset. Under this method, revenues expected to be generated by the trademark were multiplied by a selected royalty rate. The royalty rate was selected based on consideration of i) royalty rates included in active license agreements, ii) royalty rates received by market participants in the apparel industry, and iii) the current performance of the reporting unit. The estimated after-tax royalty revenue stream was then discounted to present value using the reporting unit's WACC plus a spread that factors in the risk of the intangible asset.

Management's revenue and profitability forecasts used in the *Nautica®* reporting unit and intangible asset valuations considered recent and historical *Nautica®* performance, strategic initiatives for the *Nautica®* reporting unit and industry trends. Assumptions used in the valuations were similar to those that would be used by market participants performing independent valuations of these businesses.

Key assumptions developed by VF management and used in the quantitative analysis include:

- Near-term revenue declines with later-term improvements over the projection period.
- Improved profitability over the projection period, trending consistent with revenues.
- Royalty rates based on active license agreements of the brand.
- Market-based discount rates.

It is possible VF's conclusions regarding impairment of the *Nautica®* reporting unit goodwill or trademark intangible asset could change in future periods. There can be no assurance the estimates and assumptions used in our goodwill and intangible asset impairment testing performed in the third quarter of 2017 will prove to be accurate predictions of the future. For example, variations in our assumptions related to discount rates, comparable company market approach inputs, business performance and execution of planned growth strategies could impact future conclusions. A future impairment charge for goodwill or intangible assets could have a material effect on VF's consolidated financial position and results of operations.

Note O – Derivative Financial Instruments and Hedging Activities

Summary of Derivative Financial Instruments

All of VF's outstanding derivative financial instruments are forward foreign currency exchange contracts. Although derivatives meet the criteria for hedge accounting at the inception of the hedging relationship, a limited number of derivative contracts intended to hedge assets and liabilities are not designated as hedges for accounting purposes. The notional amounts of outstanding derivative contracts were $2.4 billion at September 2017, and $2.2 billion at both December 2016 and September 2016, consisting primarily of contracts hedging exposures to the euro, British pound, Canadian dollar, Swiss franc, Mexican peso, Swedish krona, Japanese yen, Polish zloty and Turkish lira. Derivative contracts have maturities up to 20 months.

The following table presents outstanding derivatives on an individual contract basis:

	Fair Value of Derivatives with Unrealized Gains			Fair Value of Derivatives with Unrealized Losses		
In thousands	September 2017	December 2016	September 2016	September 2017	December 2016	September 2016
Foreign currency exchange contracts designated as hedging instruments	$ 26,451	$ 103,340	$ 75,497	$ (88,593)	$ (25,292)	$ (31,996)
Foreign currency exchange contracts not designated as hedging instruments	207	—	—	(619)	(282)	(185)
Total derivatives	$ 26,658	$ 103,340	$ 75,497	$ (89,212)	$ (25,574)	$ (32,181)

VF records and presents the fair values of all of its derivative assets and liabilities in the Consolidated Balance Sheets on a gross basis, even though they are subject to master netting agreements. If VF were to offset and record the asset and liability balances of its forward foreign currency exchange contracts on a net basis in accordance with the terms of its master netting agreements, the amounts presented in the Consolidated Balance Sheets would be adjusted from the current gross presentation to the net amounts as detailed in the following table:

	September 2017		December 2016		September 2016	
In thousands	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
Gross amounts presented in the Consolidated Balance Sheets	$ 26,658	$ (89,212)	$ 103,340	$ (25,574)	$ 75,497	$ (32,181)
Gross amounts not offset in the Consolidated Balance Sheets	(26,001)	26,001	(22,341)	22,341	(19,328)	19,328
Net amounts	$ 657	$ (63,211)	$ 80,999	$ (3,233)	$ 56,169	$ (12,853)

Derivatives are classified as current or noncurrent based on maturity dates, as follows:

In thousands	September 2017	December 2016	September 2016
Other current assets	$ 23,387	$ 84,519	$ 66,231
Accrued liabilities	(75,266)	(18,574)	(28,852)
Other assets	3,271	18,821	9,266
Other liabilities	(13,946)	(7,000)	(3,329)

Cash Flow Hedges

VF uses derivative contracts primarily to hedge a portion of the exchange risk for its forecasted sales, purchases, production costs, operating costs and intercompany royalties. 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 September		Gain (Loss) on Derivatives Recognized in OCI Nine Months Ended September	
Cash Flow Hedging Relationships	2017	2016	2017	2016
Foreign currency exchange	$ (51,147)	$ 9,571	$ (117,580)	$ 32,837

In thousands	Gain (Loss) Reclassified from Accumulated OCI into Income Three Months Ended September		Gain (Loss) Reclassified from Accumulated OCI into Income Nine Months Ended September	
Location of Gain (Loss)	2017	2016	2017	2016
Net sales	$ 11,614	$ 14,676	$ 25,074	$ 11,997
Cost of goods sold	(4,164)	15,485	12,763	80,094
Selling, general and administrative expenses	(882)	(1,098)	(1,212)	(3,611)
Other income (expense), net	(774)	526	(688)	2,653
Interest expense	(1,185)	(1,131)	(3,518)	(3,356)
Total	$ 4,609	$ 28,458	$ 32,419	$ 87,777

Derivative Contracts Not Designated as Hedges

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

In thousands Derivatives Not Designated as Hedges	Location of Gain (Loss) on Derivatives Recognized in Income	Gain (Loss) on Derivatives Recognized in Income Three Months Ended September		Gain (Loss) on Derivatives Recognized in Income Nine Months Ended September	
		2017	2016	2017	2016
Foreign currency exchange	Cost of goods sold	$ (927)	$ (510)	$ (294)	$ 225
Foreign currency exchange	Other income (expense), net	(339)	(110)	(2,078)	(1,196)
Total		$ (1,266)	$ (620)	$ (2,372)	$ (971)

Other Derivative Information

There were no significant amounts recognized in earnings for the ineffective portion of any hedging relationships during the three and nine-month periods ended September 2017 and September 2016.

At September 2017, accumulated OCI included $42.8 million of pre-tax net deferred losses for foreign currency 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 pre-tax net deferred loss in accumulated OCI was $19.2 million at September 2017, which will be reclassified into interest expense in the Consolidated Statements of Income over the remaining terms of the associated debt instruments. VF reclassified $1.2 million and $3.5 million of net deferred losses from accumulated OCI into interest expense for the three and nine-month periods ended September 2017, respectively, and $1.1 million and $3.4 million for the three and nine-month periods ended September 2016, respectively. VF expects to reclassify $4.9 million to interest expense during the next 12 months.

Net Investment Hedge

The Company has designated its €850.0 million of euro-denominated fixed-rate notes as a net investment hedge of VF's investment in certain foreign operations. Because this debt qualified as a nonderivative hedging instrument, foreign currency transaction gains or losses of the debt are deferred in the foreign currency translation and other component of accumulated OCI as an offset to the foreign currency translation adjustments on the hedged investments. The net investment hedge was initiated in September 2016 and there were no significant amounts recognized in accumulated OCI during the third quarter of 2016. During the three and nine-month periods ended September 2017, the Company recognized an after-tax loss of $20.4 million and $65.5 million, respectively, in OCI related to the net investment hedge. Any amounts deferred in accumulated OCI will remain until the hedged investment is sold or substantially liquidated. The Company recorded no ineffectiveness from its net investment hedge during the three and nine-month periods ended September 2017 and the three and nine-month periods ended September 2016.

Note P – Recently Adopted and Issued Accounting Standards

Recently Adopted Accounting Standards

In July 2015, the FASB issued an update to their accounting guidance related to inventory that changes the measurement principle from lower of cost or market to lower of cost or net realizable value. This guidance became effective in the first quarter of 2017, but did not impact VF's consolidated financial statements.

In March 2016, the FASB issued an update to their accounting guidance on equity method accounting. The guidance eliminates the requirement to retroactively apply the equity method when an entity obtains significant influence over a previously held investment. This guidance became effective in the first quarter of 2017, but did not impact VF's consolidated financial statements.

In March 2016, the FASB issued an update to their accounting guidance on derivative financial instruments when there is a change in the counterparty to a derivative contract (novation). The new guidance clarifies that the novation of a derivative contract that has been designated as a hedging instrument does not, in and of itself, require dedesignation of that hedging relationship, provided that all other hedge accounting criteria continue to be met. This guidance became effective in the first quarter of 2017, but did not impact VF's consolidated financial statements.

In March 2016, the FASB issued an update to their accounting guidance on derivative financial instruments that clarifies the steps required to determine bifurcation of an embedded derivative. This guidance became effective in the first quarter of 2017, but did not impact VF's consolidated financial statements.

In October 2016, the FASB issued an update to their accounting guidance on the recognition of current and deferred income taxes for intra-entity asset transfers. The new guidance requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The Company early adopted this guidance in the first quarter of 2017 using the modified retrospective method, which requires a cumulative adjustment to retained earnings as of the beginning of the period of adoption. The cumulative adjustment to the January 1, 2017 Consolidated Balance Sheet was a reduction in both the other assets and retained earnings line items of $237.8 million.

In October 2016, the FASB issued an update to their accounting guidance that changes how a single decision maker will consider its indirect interests when performing the primary beneficiary analysis under the variable interest entity model. This guidance became effective in the first quarter of 2017, but did not impact VF's consolidated financial statements.

In November 2016, the FASB issued an update that requires restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statements of cash flows. The Company early adopted this guidance in the first quarter of 2017 on a retrospective basis and the Consolidated Statements of Cash Flows included herein reflect $4.1 million and $4.4 million of restricted cash for September 2017 and September 2016, respectively. The Company's restricted cash is generally held as collateral for certain transactions.

In January 2017, the FASB issued an update that simplifies the subsequent measurement of goodwill by eliminating the second step from the quantitative goodwill impairment test. The single quantitative step test requires companies to compare the fair value of a reporting unit with its carrying amount and record an impairment charge for the amount that the carrying amount exceeds the fair value, up to the total amount of goodwill allocated to that reporting unit. VF will continue to have the option of first performing a qualitative assessment to determine whether it is necessary to complete the quantitative goodwill impairment test. The Company early adopted this guidance in the third quarter of 2017 by applying the single quantitative step test to our interim goodwill impairment analysis and recorded an impairment charge of $104.7 million.

Recently Issued Accounting Standards

In May 2014, the FASB issued a new accounting standard on revenue recognition that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The FASB has subsequently issued updates to the standard to provide additional clarification on specific topics. The standard prescribes a five-step approach to revenue recognition: (1) identify the contracts with the customer; (2) identify the separate performance obligations in the contracts; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when, or as, each performance obligation is satisfied. This guidance will be effective for VF in the first quarter of fiscal 2019 with early adoption permitted. A cross-functional implementation team has completed VF's impact analysis and is commencing the disclosure assessment phase of the project. The new guidance is not expected to have a material impact on VF's significant revenue streams within the wholesale, direct-to-consumer and royalty channels. VF is in the process of concluding on the impact on less significant revenue streams within those channels. The Company expects to adopt the new standard utilizing the modified retrospective method in the first quarter of fiscal 2019.

In January 2016, the FASB issued an update to their accounting guidance related to the recognition and measurement of certain financial instruments. This guidance affects the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. This guidance will be effective for VF in the first quarter of fiscal 2019 with early adoption permitted. The Company does not expect the adoption of this accounting guidance to have a significant impact on VF's consolidated financial statements.

In February 2016, the FASB issued a new accounting standard on leasing. This new standard will require companies to record most leased assets and liabilities on the balance sheet, and also retains a dual model approach for assessing lease classification and recognizing expense. The Company has formed a cross-functional implementation team to address the standard and has started the design and assessment phase of the project. This guidance will be effective for VF in the first quarter of fiscal 2020 with early adoption permitted. The standard requires use of the modified retrospective transition approach. Given the Company's significant number of leases, VF expects this standard will have a material impact on VF's Consolidated Balance Sheets but does not expect it to have a material impact on the Consolidated Statements of Income. The Company expects to adopt the new standard in the first quarter of fiscal 2020.

In March 2016, the FASB issued an update to their accounting guidance on extinguishments of financial liabilities that exempts prepaid stored-value products, or gift cards, from the existing guidance. The updated guidance requires that gift card liabilities be subject to breakage accounting, consistent with the new revenue recognition standard discussed above. This guidance will be effective for VF in the first quarter of fiscal 2019 with early adoption permitted. The Company does not expect the adoption of this accounting guidance to have a significant impact on VF's consolidated financial statements.

In June 2016, the FASB issued an update to their accounting guidance on the measurement of credit losses on financial instruments, which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. This guidance will be effective for VF in the first quarter of fiscal 2021 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's consolidated financial statements.

In August 2016, the FASB issued an update to their accounting guidance addressing how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance will be effective for VF in the first quarter of fiscal 2019 with early adoption permitted. The Company does not expect the adoption of this guidance to have a significant impact on VF's consolidated financial statements.

In January 2017, the FASB issued an update that provides a more narrow framework to be used in evaluating whether a set of assets and activities constitutes a business. This guidance will be effective for VF in the first quarter of fiscal 2019 with early adoption permitted. The Company will apply this guidance to any transactions after adoption but does not expect it to have a significant impact on VF's consolidated financial statements.

In March 2017, the FASB issued an update which requires employers to disaggregate the service cost component from other components of net periodic benefit costs and to disclose the amounts of net periodic benefit costs that are included in each income statement line item. The standard requires employers to report the service cost component in the same line item as other compensation costs and to report the other components of net periodic benefit costs (which include interest cost, expected return on plan assets, amortization of prior service costs or credits and actuarial gains and losses) separately and outside of operating income. The amendments in this update specify that only the service cost component is eligible for capitalization, which is consistent with VF's current practice. The presentation change in the Consolidated Statements of Income will be applied on a retrospective basis. This guidance will be effective for VF beginning in the first quarter of fiscal 2019. Upon adoption, VF will reclassify the other components of net periodic benefit costs from the selling, general and administrative expenses line item in the Consolidated Statements of Income. Except for the reclassification within the Consolidated Statements of Income noted above, the Company does not expect the adoption of this accounting guidance to have a significant impact on VF's consolidated financial statements.

In May 2017, the FASB issued an update that amends the scope of modification accounting for share-based payment arrangements. This update provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting. This guidance will be effective for VF beginning in the first quarter of fiscal 2019 with early adoption permitted. The guidance is required to be applied prospectively to an award modified on or after the adoption date. The Company will apply this guidance to any future changes made to the terms or conditions of share-based payment awards after adoption but does not expect it to have a significant impact on VF's consolidated financial statements.

In August 2017, the FASB issued an update that amends and simplifies certain aspects of hedge accounting rules to better portray the economic results of risk management activities in the financial statements. This guidance will be effective for VF in the first quarter of fiscal 2020 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's consolidated financial statements.

Note Q — Restructuring

In the fourth quarter of 2016, VF leadership approved restructuring charges related to cost alignment initiatives, and recognized $58.1 million of restructuring charges. The Company did not recognize additional costs associated with these actions in the first nine months of 2017 and does not expect to recognize significant additional costs relating to these actions for the remainder of 2017. The Company expects a substantial amount of the restructuring activities to be completed by the end of 2017.

The activity in the restructuring accrual for the nine-month period ended September 2017 is as follows:

In thousands	Severance	Other	Total
Amounts recorded in accrued liabilities at December 2016	$ 52,720	$ 878	$ 53,598
Cash payments	(24,515)	(878)	(25,393)
Adjustments to accruals	(3,001)	—	(3,001)
Currency translation	824	—	824
Amounts recorded in accrued liabilities at September 2017	$ 26,028	$ —	$ 26,028

Note R – Subsequent Events

On October 2, 2017, VF completed the acquisition of Williamson-Dickie for $800.7 million in cash, subject to working capital and other adjustments. Refer to Note B for additional information.

On October 19, 2017, VF's Board of Directors declared a quarterly cash dividend of $0.46 per share, payable on December 18, 2017 to stockholders of record on December 8, 2017.

On November 1, 2017, VF repaid $250.0 million of 5.95% fixed-rate notes in accordance with the terms of the notes.

On November 1, 2017, VF entered into a definitive agreement to acquire 100% of the stock of Icebreaker Holdings, Ltd., a privately held company based in Auckland, New Zealand. The transaction is expected to close in April 2018, and the purchase price is not material to VF.

Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations

VF Corporation (together with its subsidiaries, collectively known as "VF" or "the Company") uses a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. For presentation purposes herein, all references to periods ended September 2017, December 2016 and September 2016 relate to the fiscal periods ended on September 30, 2017, December 31, 2016 and October 1, 2016, respectively. During the first quarter of 2017, the Company approved a change in fiscal year end to the Saturday closest to March 31 from the Saturday closest to December 31. Accordingly, the Company's 2017 fiscal year will end as planned on December 30, 2017, followed by a three-month transition period from December 31, 2017 through March 31, 2018. The Company's next fiscal year will run from April 1, 2018 through March 30, 2019 ("fiscal 2019").

All per share amounts are presented on a diluted basis and all percentages shown in the tables below and the following discussion have been calculated using unrounded numbers. All references to foreign currency amounts below reflect the changes in foreign exchange rates from the 2016 comparable period and their impact on both translating foreign currencies into U.S. dollars and on transactions denominated in a foreign currency. VF's most significant foreign currency exposure relates to business conducted in euro-based countries. Additionally, VF conducts business in other developed and emerging markets around the world with exposure to foreign currencies other than the euro.

On April 28, 2017, VF completed the sale of its Licensed Sports Group ("LSG") business. As a result, VF reported the operating results for this business in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for all periods presented. In addition, the related assets and liabilities have been reported as assets and liabilities of discontinued operations in the Consolidated Balance Sheets through the date of sale. In conjunction with the LSG divestiture, VF executed its plan to entirely exit the licensing business and has included the *JanSport®* brand collegiate business as discontinued operations in our Consolidated Statements of Income and Consolidated Balance Sheets for all periods presented.

In addition, VF completed the sale of its Contemporary Brands coalition on August 26, 2016, and has reported the operating results for this business in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for the three and nine months ended September 2016.

Unless otherwise noted, amounts and percentages for all periods discussed below reflect the results of operations and financial condition from VF's continuing operations. Refer to Note C to VF's consolidated financial statements for additional information on discontinued operations.

Highlights of the Third Quarter of 2017

- Revenues were up 5% to $3.5 billion compared to the third quarter of 2016, including a 1% favorable impact from foreign currency.
- Outdoor & Action Sports coalition revenues increased 8% to $2.5 billion compared to the third quarter of 2016, including a 2% favorable impact from foreign currency.
- Direct-to-consumer revenues were up 18% over the 2016 quarter, including a favorable 1% impact from foreign currency, and accounted for 27% of total revenues in the quarter. E-commerce revenues increased 38% in the quarter.
- International revenues increased 13% compared to the 2016 quarter, including a 3% favorable impact from foreign currency, and represented 44% of total revenues in the quarter.
- Gross margin increased 100 basis points in the third quarter to 50.1%, including 80 basis points of negative impact from changes in foreign currency.
- Earnings per share decreased 16% to $0.97 from $1.16 in the 2016 quarter, due primarily to a $104.7 million goodwill impairment charge, which negatively impacted earnings per share by 20%, and a 4% unfavorable impact from foreign currency.

Analysis of Results of Operations

Consolidated Statements of Income

The following table presents a summary of the changes in total revenues from the comparable periods in 2016:

In millions	Third Quarter	Nine Months
Total revenues — 2016	$ 3,327.7	$ 8,282.6
Operations	146.2	181.3
Impact of foreign currency	34.9	(13.8)
Total revenues — 2017	$ 3,508.8	$ 8,450.1

VF reported a 5% and 2% increase in revenues in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. The revenue increase in both periods was driven by strength in the Outdoor & Action Sports and Imagewear coalitions and our direct-to-consumer and international businesses, offset by declines in the Jeanswear and Sportswear coalitions. Excluding the impacts from foreign currency, international sales grew in nearly every region in both the third quarter and first nine months of 2017.

Additional details on revenues are provided in the section titled "Information by Business Segment."

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

	Third Quarter		Nine Months	
	2017	2016	2017	2016
Gross margin (total revenues less cost of goods sold)	50.1%	49.1%	50.0%	48.9%
Selling, general and administrative expenses	33.3	30.8	37.6	35.5
Impairment of goodwill	3.0	—	1.2	—
Operating income	13.8%	18.3%	11.2%	13.5%

Gross margin increased 100 and 110 basis points in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. Foreign currency negatively impacted gross margin by approximately 80 and 70 basis points in the third quarter and first nine months of 2017, respectively. The improvement in gross margin in the third quarter was due to pricing and a mix-shift to higher margin businesses, partially offset by increases in product costs. In the year-to-date period, gross margin improvement was due to pricing, lower product costs and a mix-shift to higher margin businesses.

Selling, general and administrative expenses as a percentage of total revenues increased 250 and 210 basis points during the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. The increase in both periods was primarily due to higher investments in our key growth priorities, which include direct-to-consumer, product innovation, demand creation and technology. Higher compensation costs also impacted the third quarter of 2017.

During the third quarter of 2017, VF performed an interim impairment analysis of the goodwill and trademark intangible asset of the *Nautica*® brand and recorded a $104.7 million noncash impairment charge to reduce the book value of goodwill to its estimated fair value. No impairment charges were required in the 2016 periods. For additional information, refer to Notes G and N to the consolidated financial statements.

Net interest expense was flat during the third quarter and decreased $0.7 million in the first nine months of 2017, compared to the 2016 periods. The decrease in net interest expense in the first nine months was due to a decrease in average short-term borrowings outstanding during 2017 and an increase in international short-term investments, partially offset by higher interest on long-term debt balances due to the issuance of €850.0 million of euro-denominated 0.625% fixed-rate notes in September 2016 and an increase in short-term borrowing rates. Of the $2.0 billion increase in short-term borrowings from December 2016, approximately $890 million was borrowed near the end of the third quarter to prepare to fund the Williamson-Dickie transaction, which closed on October 2, 2017. Total outstanding debt averaged $3.0 billion in the first nine months of 2017 and $2.6 billion in the same period in 2016, with weighted average interest rates of 3.2% and 3.6% in the first nine months of 2017 and 2016, respectively.

The effective income tax rate for the first nine months of 2017 was 18.4% compared to 17.9% in the first nine months of 2016. The first nine months of 2017 included a net discrete tax benefit of $14.4 million, which included a $12.5 million tax benefit related to stock compensation, $4.1 million of net tax benefits related to the realization of previously unrecognized tax benefits and interest, and $1.9 million of discrete tax expense related to the effects of tax rate changes. The $14.4 million net discrete tax benefit in 2017 reduced the effective income tax rate by 1.6%. The first nine months of 2016 included a net discrete tax benefit of $40.3 million, which included a $26.3 million tax benefit related to the early adoption of the accounting standards update on stock compensation, $15.6 million of net tax benefits related to the realization of previously unrecognized tax benefits and interest, and $4.1 million of discrete tax expense related to the effects of tax rate changes. The $40.3 million net discrete tax benefit in 2016 reduced the effective income tax rate by 3.8%. Without discrete items, the effective income tax rate for the first nine months of 2017 decreased by 1.7% compared with the 2016 period primarily due to a higher percentage of income in lower tax rate jurisdictions and the impact of early adopting the accounting standards update regarding intra-entity asset transfers, partially offset by the impact of goodwill impairment recorded in the quarter.

As a result of the above, net income in the third quarter of 2017 was $386.8 million ($0.97 per share) compared to $485.2 million ($1.16 per share) in the 2016 period, and net income in the first nine months of 2017 was $716.3 million ($1.77 per share) compared to $863.7 million ($2.04 per share) in the first nine months of 2016. Refer to additional discussion 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.

Refer to Note L to the consolidated financial statements for a summary of results of operations by coalition, along with a reconciliation of coalition profit to income before income taxes.

The following tables present a summary of the changes in coalition revenues and profit in the third quarter and first nine months of 2017 from the comparable periods in 2016:

Coalition revenues

	Third Quarter					
In millions	Outdoor & Action Sports	Jeanswear	Imagewear	Sportswear	Other	Total
Revenues — 2016	$ 2,326.4	$ 701.4	$ 128.0	$ 140.7	$ 31.2	$ 3,327.7
Operations	147.0	(9.2)	10.7	(0.4)	(1.9)	146.2
Impact of foreign currency	29.2	5.5	0.2	—	—	34.9
Revenues — 2017	$ 2,502.6	$ 697.7	$ 138.9	$ 140.3	$ 29.3	$ 3,508.8

	Nine Months					
In millions	Outdoor & Action Sports	Jeanswear	Imagewear	Sportswear	Other	Total
Revenues — 2016	$ 5,378.3	$ 2,041.2	$ 404.6	$ 374.0	$ 84.5	$ 8,282.6
Operations	277.6	(89.6)	19.2	(21.2)	(4.7)	181.3
Impact of foreign currency	(8.3)	(5.6)	0.1	—	—	(13.8)
Revenues — 2017	$ 5,647.6	$ 1,946.0	$ 423.9	$ 352.8	$ 79.8	$ 8,450.1

Coalition profit

	Third Quarter					
In millions	Outdoor & Action Sports	Jeanswear	Imagewear	Sportswear	Other	Total
Profit — 2016	$ 491.0	$ 142.4	$ 24.0	$ 15.1	$ (0.3)	$ 672.2
Operations	56.4	(23.0)	(2.4)	2.4	(0.5)	32.9
Impact of foreign currency	(22.9)	1.8	0.8	—	—	(20.3)
Profit — 2017	$ 524.5	$ 121.2	$ 22.4	$ 17.5	$ (0.8)	$ 684.8

	Nine Months					
In millions	Outdoor & Action Sports	Jeanswear	Imagewear	Sportswear	Other	Total
Profit — 2016	$ 842.4	$ 388.6	$ 74.5	$ 26.2	$ (3.6)	$ 1,328.1
Operations	87.9	(65.0)	(3.2)	1.6	0.4	21.7
Impact of foreign currency	(53.1)	0.4	1.0	—	—	(51.7)
Profit — 2017	$ 877.2	$ 324.0	$ 72.3	$ 27.8	$ (3.2)	$ 1,298.1

The following sections discuss the changes in revenues and profitability by coalition:

Outdoor & Action Sports

	Third Quarter			Nine Months		
Dollars in millions	2017	2016	Percent Change	2017	2016	Percent Change
Coalition revenues	$ 2,502.6	$ 2,326.4	7.6%	$ 5,647.6	$ 5,378.3	5.0%
Coalition profit	524.5	491.0	6.8%	877.2	842.4	4.1%
Operating margin	21.0%	21.1%		15.5%	15.7%	

Global revenues for Outdoor & Action Sports increased 8% in the third quarter of 2017 compared to 2016, driven by growth in the direct-to-consumer and wholesale channels. The direct-to-consumer growth was driven by strong e-commerce and comparable store growth. Revenues in the Americas region increased 1% in the third quarter of 2017, driven by growth outside of the United States. Revenues in Europe increased 19%, including a 3% favorable impact from foreign currency. Revenues in the Asia-Pacific region increased 8%.

Global revenues for Outdoor & Action Sports increased 5% in the first nine months of 2017 compared to 2016. Strong growth in the direct-to-consumer channel, driven by both comparable store and e-commerce growth, was partially offset by lower revenues in the wholesale channel. Revenues in the Americas region increased 2% in the first nine months of 2017, driven by growth throughout the region. Revenues in Europe increased 10% and revenues in the Asia-Pacific region increased 7%, which included a 1% unfavorable impact from foreign currency.

Vans® brand global revenues increased 28% and 14% in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. The increase in both periods was due to strong operational growth in both the wholesale and direct-to-consumer channels, and foreign currency impacted revenue growth favorably by 2% in the third quarter and unfavorably by 1% in the first nine months of 2017. The growth in the direct-to-consumer channel for both periods was driven by strong comparable store and e-commerce growth.

Global revenues for *The North Face®* brand decreased 2% in the third quarter of 2017 as growth in the direct-to-consumer channel, driven by comparable store and e-commerce growth, and a 1% favorable impact from foreign currency, was more than offset by a decline in wholesale growth. Global revenues for *The North Face®* brand increased 2% during the first nine months of 2017, as growth in the direct-to-consumer channel, driven by comparable store and e-commerce growth, was partially offset by a decline in wholesale growth. Global wholesale revenue growth for *The North Face®* brand was tempered by U.S. retailer bankruptcies, a shift in the timing of fall order book shipments between the third and fourth quarter of 2017 and less year-over-year off-price shipments, which drove a 7% and 5% decrease in wholesale revenues in the third quarter and first nine months of 2017, respectively.

Global revenues for the *Timberland®* brand decreased 1% in the third quarter of 2017 as growth in the direct-to-consumer channel, driven by comparable store and e-commerce growth, and a 1% favorable impact from foreign currency was more than offset by a decline in wholesale growth. In the first nine months of 2017, global revenues for the *Timberland®* brand decreased 2% due to declines in the wholesale channel, which more than offset e-commerce and comparable store sales growth in the direct-to-consumer channel. Wholesale revenue growth was impacted by a shift in the timing of fall order book shipments between the third and fourth quarter of 2017, which drove wholesale revenue decreases of 6% and 3% in the third quarter and year-to-date periods, respectively.

Global direct-to-consumer revenues for Outdoor & Action Sports grew 22% and 16% in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. Growth in the direct-to-consumer channel for both periods was driven by an expanding e-commerce business and comparable store growth. Wholesale revenues increased 2% in the third quarter, driven by growth in the *Vans®* brand and Europe, in addition to a favorable 1% impact from foreign currency, partially offset by the above mentioned U.S. retailer bankruptcies, a shift in the timing of fall order book shipments between the third and fourth quarter of 2017 and less year-over-year off-price shipments. Wholesale revenues were flat in the year-to-date period, as operational growth was impacted by the above mentioned factors.

Operating margin declined 10 and 20 basis points in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods due to the negative impact from foreign currency in both periods. Excluding the impact of foreign currency, gross margin expansion, driven in both periods by a mix-shift to higher margin businesses, pricing and lower product costs, was offset by increased investments in direct-to-consumer, product development and innovation, demand creation and technology.

Jeanswear

	Third Quarter			Nine Months		
Dollars in millions	2017	2016	Percent Change	2017	2016	Percent Change
Coalition revenues	$ 697.7	$ 701.4	(0.5)%	$ 1,946.0	$ 2,041.2	(4.7)%
Coalition profit	121.2	142.4	(14.9)%	324.0	388.6	(16.6)%
Operating margin	17.4%	20.3%		16.6%	19.0%	

Global Jeanswear revenues decreased 1% and 5% in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods, as growth in the direct-to-consumer channel was more than offset by U.S. wholesale declines in the mass, mid-tier and department store channels. Specifically, our U.S. wholesale business has been impacted by a key customer's inventory destocking decision and continued channel consolidation, which was partially mitigated by strong growth with our digital wholesale partners in both periods. Revenues in the Americas region decreased 1% and 6% in the third quarter and first nine months of 2017, respectively, driven by softness in the wholesale channel. Revenues in the Asia-Pacific region decreased 3% and 4% in the third quarter and first nine months of 2017, respectively, due to declines in the wholesale channel, partially offset by a favorable impact from foreign currency of 2% in the third quarter. Foreign currency negatively impacted the year-to-date period by 1%. European revenues increased 7% and 2% in the third quarter and first nine months of 2017, respectively, due to growth in our wholesale and direct-to-consumer businesses and favorable impacts from foreign currency of 5% and 1% in the third quarter and first nine months of 2017, respectively.

Global revenues for the *Wrangler®* brand increased 5% in the third quarter compared to the 2016 period, driven by growth in the direct-to-consumer and wholesale channels and a favorable 1% impact from foreign currency. Global revenues for the *Wrangler®* brand decreased 2% in the first nine months of 2017 compared to the 2016 period, driven by declines in the mass and western specialty businesses. Global revenues for the *Lee®* brand decreased 7% in the third quarter and 8% in the first nine months of 2017, due to declines in the U.S. mid-tier and department store channels, which were partially offset by growth in the direct-to-consumer channel. Foreign currency favorably impacted *Lee®* brand global revenues by 1% in the third quarter and unfavorably by 1% in the first nine months of 2017.

Operating margin decreased 290 and 240 basis points in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. The decrease in both periods was primarily due to lower revenues, gross margin contraction from higher product costs and product mix, and additional investments in our strategic growth priorities.

Imagewear

Dollars in millions	Third Quarter 2017	Third Quarter 2016	Third Quarter Percent Change	Nine Months 2017	Nine Months 2016	Nine Months Percent Change
Coalition revenues	$ 138.9	$ 128.0	8.5 %	$ 423.9	$ 404.6	4.8 %
Coalition profit	22.4	24.0	(6.7)%	72.3	74.5	(2.9)%
Operating margin	16.1%	18.7%		17.1%	18.4%	

The Imagewear coalition consists of occupational apparel and uniform product categories including the *Red Kap*® and *Bulwark*® brand industrial businesses and the results of certain transition services related to the sale of LSG (the transition services) that commenced in the second quarter of 2017. Revenue from these transition services was $5.4 million and $18.0 million in the third quarter and first nine months of 2017, respectively.

Excluding the transition services, Imagewear revenues increased 4% in the third quarter and were flat in the first nine months of 2017. The revenue increase in the third quarter was driven by growth in our *Bulwark*® brand, which was fueled by increased oil and gas exploration activities. The revenue results in the first nine months of 2017, compared to the 2016 period, were largely due to growth in the third quarter that was mostly offset by industry consolidation and a shift in the timing of orders to the fourth quarter of 2016 from the first quarter of 2017 that impacted year-to-date revenues.

Operating margin decreased 260 and 130 basis points in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. Excluding the impact of the transition services, operating margin in the third quarter of 2017 decreased 270 basis points, primarily driven by lower gross margin attributable to business mix and higher inventory costs. Excluding the impact of the transition services, operating margin in the year-to-date period decreased 100 basis points, driven by higher selling, general and administrative expenses.

Sportswear

Dollars in millions	Third Quarter 2017	Third Quarter 2016	Third Quarter Percent Change	Nine Months 2017	Nine Months 2016	Nine Months Percent Change
Coalition revenues	$ 140.3	$ 140.7	(0.3)%	$ 352.8	$ 374.0	(5.6)%
Coalition profit	17.5	15.1	16.0 %	27.8	26.2	6.1 %
Operating margin	12.5%	10.7%		7.9%	7.0%	

Sportswear revenues were flat in the third quarter and decreased 6% in the first nine months of 2017 compared to the 2016 periods. *Nautica*® brand revenues decreased 1% and 9% in the third quarter and first nine months of 2017, respectively, due to continued challenges in the U.S. department store channel and reduced in-store traffic. *Kipling*® brand revenues in North America increased 2% and 5% in the third quarter and first nine months of 2017, respectively, due to growth in the direct-to-consumer and wholesale channels.

Operating margin increased 180 and 90 basis points in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. The increase in both periods was primarily due to lower selling, general and administrative expenses, and the year-to-date period was impacted by improved gross margin from lower product costs.

During the third quarter of 2017, VF performed an interim impairment analysis of the goodwill and trademark intangible asset of the *Nautica*® brand and recorded a $104.7 million noncash impairment charge to reduce the book value of goodwill to its estimated fair value. The impairment charge was excluded from the profit of the Sportswear coalition since it is not part of the ongoing operations of the business. For additional information, refer to Notes G and N to the consolidated financial statements.

Other

Dollars in millions	Third Quarter 2017	Third Quarter 2016	Third Quarter Percent Change	Nine Months 2017	Nine Months 2016	Nine Months Percent Change
Coalition revenues	$ 29.3	$ 31.2	(5.8)%	$ 79.8	$ 84.5	(5.6)%
Coalition loss	(0.8)	(0.3)	(116.1)%	(3.2)	(3.6)	8.5 %
Operating margin	(2.5)%	(1.1)%		(4.0)%	(4.2)%	

VF Outlet® stores in the U.S. sell both VF and non-VF products. Revenues and profits of VF products sold in these stores are reported as part of the operating results of the applicable coalition, while revenues and profits of non-VF products are reported in this "other" category.

Reconciliation of Coalition Profit to Income Before Income Taxes

There are three 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) impairment of goodwill, which is excluded from coalition profit because this cost is not part of the ongoing operations of the respective business, (ii) corporate and other expenses and (iii) interest expense, net. Impairment of goodwill and net interest expense are discussed in the "Consolidated Statements of Income" section, and corporate and other expenses are discussed below.

Dollars in millions	Third Quarter 2017	Third Quarter 2016	Third Quarter Percent Change	Nine Months 2017	Nine Months 2016	Nine Months Percent Change
Impairment of goodwill	$ 104.7	$ —	100.0 %	$ 104.7	$ —	100.0 %
Corporate and other expenses	96.6	65.0	48.5 %	252.0	211.9	18.9 %
Interest expense, net	22.5	22.6	(0.1)%	63.3	64.0	(1.0)%

Corporate and other expenses are those that have not been allocated to the coalitions for internal management reporting, including (i) information systems and shared service costs, (ii) corporate headquarters costs and (iii) certain other income and expenses. The increases in corporate and other expenses in the third quarter and first nine months of 2017 compared to the 2016 periods resulted primarily from higher compensation costs and investments in our key strategic growth initiatives, including our digital platform and technology. Certain corporate overhead costs previously allocated to the Imagewear and Outdoor & Action Sports coalitions for segment reporting purposes have been reallocated to continuing operations as discussed in Note C to the consolidated financial statements.

International Operations

International revenues increased 13% and 7% in the third quarter and first nine months of 2017, respectively, compared to the 2016 periods. Foreign currency favorably impacted international revenue growth by 3% in the third quarter and negatively impacted revenues by 1% in the first nine months of 2017. Revenues in Europe increased 18% in the third quarter and 9% in the first nine months of 2017, reflecting operational growth in both periods and favorable impacts from foreign currency of 4% in the third quarter of 2017. In the Asia-Pacific region, revenues increased 5% in both the third quarter and first nine months of 2017, driven by growth across the region, particularly in China. Foreign currency favorably impacted revenues in the Asia-Pacific region in the third quarter by 1% and negatively impacted revenues in the year-to-date period by 1%. Revenue growth in the Americas (non-U.S.) region increased 8% in the third quarter and 6% in the first nine months of 2017. Results in both periods reflect operational growth, and the third quarter was favorably impacted by 3% from foreign currencies in the region. International revenues were 44% and 41% of total revenues in the third quarter of 2017 and 2016, respectively, and 41% and 39% of total revenues in the first nine months of 2017 and 2016, respectively.

Direct-to-consumer Operations

Direct-to-consumer revenues grew 18% in the third quarter and 13% in the first nine months of 2017, as both periods reflected growth in all regions and in nearly every brand with a retail format, and favorable impacts from foreign currency in the third quarter of 2017 of 1%. The increase in direct-to-consumer revenues in both periods was due to comparable store growth for locations open at least twelve months at each reporting date, and an expanding e-commerce business which grew 38% and 32% in the third quarter and first nine months of 2017, respectively. There were 1,508 VF-owned retail stores at the end of September 2017 compared to 1,475 at the end of September 2016. Direct-to-consumer revenues were 27% and 24% of total revenues in the third quarter of 2017 and 2016, respectively. Direct-to-consumer revenues were 29% of total revenues in the first nine months of 2017 compared to 26% in the 2016 period.

Analysis of Financial Condition

Consolidated Balance Sheets

The following discussion refers to significant changes in balances at September 2017 compared to December 2016:

- *Increase in accounts receivable* — due to the seasonality of the business.
- *Increase in inventories* — due to the seasonality of the business.
- *Increase in intangible assets* — driven by the impact of foreign currency fluctuations.
- *Decrease in other assets* — primarily due to the cumulative-effect adjustment to retained earnings of a deferred charge upon the early adoption of the accounting standards update regarding intra-entity asset transfers.
- *Increase in short-term borrowings* — due to commercial paper borrowings needed to prepare to fund the Williamson-Dickie transaction which closed on October 2, 2017, and to support general corporate purposes and share repurchases.
- *Decrease in accounts payable* — driven by the timing of inventory purchases and payments to vendors.
- *Increase in accrued liabilities* — primarily due to higher accrued compensation, and the timing of payments for other accruals.
- *Increase in long-term debt* — due to foreign currency fluctuations of euro-denominated bonds.

The following discussion refers to significant changes in balances at September 2017 compared to September 2016:

- *Increase in accounts receivable* — due to foreign currency fluctuations and timing of collections from customers.
- *Decrease in goodwill* — driven by goodwill impairment charges for the *Nautica®* brand reporting unit recorded in the third quarter of 2017 and the *lucy®* brand reporting unit recorded in the fourth quarter of 2016. Refer to Notes G and N to the consolidated financial statements for additional information regarding the *Nautica®* reporting unit.
- *Decrease in other assets* — primarily due to the cumulative-effect adjustment to retained earnings of a deferred charge upon the early adoption of the accounting standards update regarding intra-entity asset transfers.
- *Increase in short-term borrowings* — due to commercial paper borrowings needed to prepare to fund the Williamson-Dickie transaction which closed on October 2, 2017, and to support general corporate purposes and share repurchases.
- *Increase in the current portion of long-term debt* — due to $250.0 million of long-term notes due in the fourth quarter of 2017.
- *Increase in accrued liabilities* — primarily due to higher accrued compensation, and the timing of payments for other accruals.
- *Decrease in long-term debt* — due to $250.0 million of long-term notes due in the fourth quarter of 2017, partially offset by foreign currency fluctuations of euro-denominated bonds.
- *Decrease in other liabilities* — primarily due to lower deferred income taxes.

Liquidity and Capital Resources

The financial condition of VF is reflected in the following:

Dollars in millions	September 2017	December 2016	September 2016
Working capital	$ 1,805.7	$ 2,407.1	$ 2,513.7
Current ratio	1.5 to 1	2.4 to 1	2.2 to 1
Debt to total capital	52.7%	31.9%	38.8%

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 increase in the debt to total capital ratio at September 2017 compared to both December 2016 and September 2016 was due to the increase in short-term borrowings and reductions in stockholders' equity due to changes in accumulated other comprehensive income, the cumulative-effect adjustment to retained earnings upon the early adoption of the accounting standards update regarding intra-entity asset transfers, goodwill impairments, the payment of dividends and repurchases of stock.

The decrease in the current ratio at September 2017 compared to both December 2016 and September 2016 was primarily driven by the increase in short-term borrowings.

VF's primary source of liquidity is the strong annual cash flow from operating activities. Cash from operations is typically lower in the first half of the year as inventory builds to support peak sales periods in the second half of the year. Cash provided by operating activities in the second half of the year is substantially higher as inventories are sold and accounts receivable are collected. Additionally, direct-to-consumer sales are highest in the fourth quarter of the year.

In summary, our cash flows were as follows:

	Nine Months	
In thousands	2017	2016
Cash provided by operating activities	$ 6,683	$ 47,197
Cash provided (used) by investing activities	25,092	(50,804)
Cash provided (used) by financing activities	301,381	(201,585)

Cash Provided by Operating Activities

Cash flow provided by operating activities is dependent on net income, adjustments to net income and changes in working capital. The decrease in cash flows in the first nine months of 2017 is primarily due to a decrease in both net income and net cash usage from working capital.

Cash Provided (Used) by Investing Activities

VF's investing activities in the first nine months of 2017 related primarily to $213.5 million of proceeds from the sale of LSG, which is $97.5 million higher than the proceeds received from the sale of the Contemporary Brands coalition in the third quarter of 2016. Capital expenditures of $124.4 million and software purchases of $53.5 million partially offset the proceeds received. Capital expenditures decreased $5.6 million compared to the 2016 period. Software purchases increased $21.6 million compared to the 2016 period primarily due to system implementations and investments in our digital platform.

Cash Provided (Used) by Financing Activities

The increase in cash provided by financing activities during the first nine months of 2017 was driven by a $1.7 billion increase in net cash generated by short-term borrowings, compared to $951.8 million of proceeds from long-term debt received in 2016. In addition, the first nine months of 2017 reflected $200.1 million of incremental treasury stock purchases and $40.6 million of incremental cash dividends paid compared with the 2016 period. Short-term borrowings included additional amounts needed to prepare to fund the Williamson-Dickie transaction which closed on October 2, 2017, and also support general corporate purposes and share repurchases. Outstanding short-term balances may vary from period to period depending on the level of corporate requirements.

During the first nine months of 2017, VF purchased 22.2 million shares of its Common Stock in open market transactions at a total cost of $1.2 billion (average price per share of $54.04) under the share repurchase programs authorized by VF's Board of Directors in 2013 and 2017. During the first nine months of 2016, VF purchased 15.9 million shares of its Common Stock in open market transactions at a total cost of $1.0 billion (average price per share of $62.80).

In March 2017, VF's Board of Directors approved a $5.0 billion share repurchase authorization, replacing the 2013 authorization. As of September 30, 2017, VF has purchased 14.0 million shares of its Common Stock in open market transactions at a total cost of $762.1 million (average price per share of $54.46) under the new share repurchase authorization, and had $4.2 billion remaining for future repurchases. VF will continue to evaluate its use of capital, giving first priority to business acquisitions and then to direct shareholder return in the form of dividends and share repurchases.

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 $2.25 billion senior unsecured revolving line of credit (the "Global Credit Facility"). The Global Credit Facility expires in April 2020 and VF may request two extensions of one year each, subject to stated terms and conditions. The Global Credit Facility may be used to borrow funds in both U.S. dollar and certain non-U.S. dollar currencies, and has a $50.0 million letter of credit sublimit. In addition, the Global Credit Facility supports VF's U.S. commercial paper program for short-term, seasonal working capital requirements and general corporate purposes, including share repurchases.

VF has a commercial paper program that allows for borrowings of up to $2.25 billion to the extent that it has borrowing capacity under the Global Credit Facility. Commercial paper borrowings and standby letters of credit issued as of September 2017 were $1.9 billion and $15.6 million, respectively, leaving $287.4 million available for borrowing against the Global Credit Facility at

September 2017. Approximately $800 million of commercial paper borrowings was used to finance the Williamson-Dickie purchase price on October 2, 2017.

VF has $131.6 million of international lines of credit with various banks, which are uncommitted and may be terminated at any time by either VF or the banks. Total outstanding balances under these arrangements were $38.3 million and $37.7 million at September 2017 and September 2016, respectively.

VF repaid $250.0 million of 5.95% fixed-rate notes on November 1, 2017, using a combination of operating cash flows and commercial paper borrowings.

VF's favorable credit agency ratings allow for access to additional liquidity at competitive rates. At the end of September 2017, VF's long-term debt ratings were 'A' by Standard & Poor's Ratings Services and 'A3' by Moody's Investors Service, and commercial paper ratings by those rating agencies were 'A-1' and 'Prime-2', respectively.

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 2021, 2023 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.

Management's Discussion and Analysis in the 2016 Form 10-K provided a table summarizing VF's contractual obligations and commercial commitments at the end of 2016 that would require the use of funds. As of September 2017, there have been no material changes in the amounts disclosed in the 2016 Form 10-K, except as noted below:

- Inventory purchase obligations decreased by approximately $220.5 million at the end of September 2017 due to the timing of purchase commitments and the removal of commitments related to the licensing business.

In addition, the Company disclosed amounts for minimum royalty payment obligations as of December 2016, substantially all of which were related to the licensing business. These obligations were no longer commitments of VF as of the closing of the LSG sale transaction on April 28, 2017.

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 planned dividend payout rate and (iii) flexibility to meet investment opportunities that may arise.

Recent Accounting Pronouncements

Refer to Note P to VF's consolidated financial statements for information on recently issued and adopted accounting standards, including reclassifications made to 2016 amounts.

Critical Accounting Policies and Estimates

Management has chosen accounting policies 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 of America. Our critical accounting policies are applied in a consistent manner. Significant accounting policies are summarized in Note A to the consolidated financial statements included in the 2016 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 2016 Form 10-K. There have been no material changes in these policies other than the early adoption of the accounting guidance that simplifies the subsequent measurement of goodwill by eliminating the second step from the quantitative goodwill impairment test.

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: foreign currency fluctuations; the level of consumer demand for apparel, footwear and accessories; disruption to VF’s distribution system; VF’s reliance on a small number of large customers; the financial strength of VF’s customers; fluctuations in the price, availability and quality of raw materials and contracted products; disruption and volatility in the global capital and credit markets; VF’s response to changing fashion trends; evolving consumer preferences and changing patterns of consumer behavior; intense competition from online retailers; manufacturing and product innovation; increasing pressure on margins; VF’s ability to implement its business strategy; VF’s ability to grow its international and direct-to-consumer businesses; VF’s and its customers’ and vendors’ ability to maintain the strength and security of information technology systems; stability of VF’s manufacturing facilities and foreign suppliers; continued use by VF’s suppliers of ethical business practices; VF’s ability to accurately forecast demand for products; continuity of members of VF’s management; VF’s ability to protect trademarks and other intellectual property rights; possible goodwill and other asset impairment; maintenance by VF’s licensees and distributors of the value of VF’s brands; changes in tax liabilities; legal, regulatory, political and economic risks; and adverse or unexpected weather conditions. 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 2016 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 2016 Form 10-K. There have been no material changes to the legal proceedings from those described in the 2016 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 2016 Form 10-K. There have been no material changes to the risk factors from those disclosed in the 2016 Form 10-K.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer purchases of equity securities:

The following table sets forth VF's repurchases of our Common Stock during the fiscal quarter ended September 30, 2017 under the share repurchase program authorized by VF's Board of Directors in 2017.

Third Quarter 2017	Total Number of Shares Purchased [1]	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs [1]	Dollar Value of Shares that May Yet be Purchased Under the Program
July 2 – July 29, 2017	—	$ —	—	4,237,993,373
July 30 – August 26, 2017	—	—	—	4,237,993,373
August 27 – September 30, 2017	840	62.69	840	4,237,940,717
Total	840		840	

[1] Includes 840 shares of Common Stock that were purchased during the quarter in connection with VF's deferred compensation plans.

The VF Board of Directors approved a new $5.0 billion share repurchase authorization on March 29, 2017, which replaced all remaining shares under the 2013 authorization. VF began repurchasing shares under this new authorization during the second quarter of 2017.

VF will continue to evaluate future share repurchases, considering funding required for business acquisitions, VF's Common Stock price and levels of stock option exercises.

Item 6 — Exhibits

10.1	2004 Mid-Term Incentive Plan, a subplan under the 1996 Stock Compensation Plan, as amended and restated as of October 18, 2017
31.1	Certification of Steven E. Rendle, Chairman, Chief Executive Officer and President, 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 Scott A. Roe, Vice President and Chief Financial Officer, 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 Steven E. Rendle, Chairman, Chief Executive Officer and President, 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 Scott A. Roe, Vice President and Chief Financial Officer, 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

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/ Scott A. Roe Scott A. Roe Vice President and Chief Financial Officer (Chief Financial Officer)
Date: November 2, 2017	By:	/s/ Bryan H. McNeill Bryan H. McNeill Vice President—Controller (Chief Accounting Officer)

Exhibit 10.1

VF CORPORATION

2004 Mid-Term Incentive Plan, as amended and restated as of October 18, 2017

1. **Purposes**. This 2004 Mid-Term Incentive Plan (the "Plan") of VF Corporation (the "Company"), as amended and restated as of October 18, 2017, is implemented under the Company's 1996 Stock Compensation Plan (the "1996 Plan"). The Plan is intended to provide an additional means to attract and retain talented executives, to link a significant element of executives' compensation opportunity to the Company's performance over more than one year, thereby providing an incentive for successful long-term strategic management of the Company, and otherwise to further the purposes of the 1996 Plan.

2. **Status as Subplan Under the 1996 Plan; Administration**. This Plan is a subplan implemented under the 1996 Plan, and will be administered by the Compensation Committee of the Board of Directors in accordance with the terms of the 1996 Plan. All of the terms and conditions of the 1996 Plan are hereby incorporated by reference in this Plan, and if any provision of this Plan or an agreement evidencing an award hereunder conflicts with a provision of the 1996 Plan, the provision of the 1996 Plan shall govern. Capitalized terms used in this Plan but not defined herein shall have the same meanings as defined in the 1996 Plan.

3. **Certain Definitions**. In addition to terms defined above and in the 1996 Plan, the following are defined terms under this Plan:

(a) "Account" means the account established for a Participant under Section 7(a).

(b) "Administrator" means the officers and employees of the Company responsible for the day-to-day administration of the Plan and to which other authority may be delegated under Section 10(b). Unless otherwise specified by the Committee, the Administrator shall be the VF Corporation Pension Plan Committee.

(c) "Cause" means (i), if the Participant has an Employment Agreement defining "Cause," the definition under such Employment Agreement, or (ii), if the Participant has no Employment Agreement defining "Cause," the Participant's gross misconduct, meaning (A) the Participant's willful and continued refusal substantially to perform his or her duties with the Company (other than any such refusal resulting from his or her incapacity due to physical or mental illness), after a demand for substantial performance is delivered to the Participant by the Board of Directors which specifically identifies the manner in which the Board believes that the Participant has refused to perform his or her duties, or (B) the willful engaging by the Participant in gross misconduct materially and demonstrably injurious to the Company. For purposes of this definition, no act or failure to act on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.

(d) "Covered Employee" means a Participant determined by the Committee to be likely to be a named executive officer of the Company in the year compensation under the Plan will become payable and whose compensation in that year likely could be non-deductible under Section 162(m) of the Internal Revenue Code, such that the Committee has determined that compensation to such Participant under the Plan should qualify as "performance-based compensation" for purposes of Section 162(m).

(e) "Disability" means (i), if the Participant has an Employment Agreement defining "Disability," the definition under such Employment Agreement, or (ii), if the Participant has no Employment Agreement defining "Disability," the Participant's incapacity due to physical or mental illness resulting in the Participant's absence from his or her duties with the Company on a full-time basis for 26 consecutive weeks, and, within 30 days after written notice of termination has been given by the Company, the Participant has not returned to the full-time performance of his or her duties.

(f) "Dividend Equivalents" means credits in respect of each PRSU representing an amount equal to the dividends or distributions declared and paid on a share of Common Stock, subject to Section 7(b).

(g) "Employment Agreement" means a written agreement between the Company and a Partici-pant securing the Participant's services as an employee for a period of time and in effect at the later of the time of the Participant's Designation of Participation (as defined below) or December 31, 2008 or, if no such agreement is then in effect, an agreement providing severance benefits to the Participant upon termination of employment in effect at the later of the time of the Participant's Designation of Participation or December 31, 2008 (including for this purpose an agreement providing such benefits only during a period following a defined change in control, whether or not a change in control in fact has occurred prior to the Participant's Termination of Employment).

(h) "Good Reason" means "Good Reason" as defined in the Participant's Employment Agreement. If the Participant has no such Employment Agreement, no circumstance will constitute "Good Reason" for purposes of this Plan unless otherwise specified in the agreement evidencing the Participant's award of PRSUs.

(i) "Participant" means an Employee participating in this Plan.

(j) "Performance Cycle" means the period specified by the Committee over which a designated amount of PRSUs potentially may be earned. Performance Cycles generally will be periods comprising three consecutive fiscal years of the Company, except as otherwise provided by the Committee with regard to PRSUs granted for the fiscal 2016 - 2018 Performance Cycle and 2017 - 2019 Performance Cycle. Unless otherwise determined by the Committee, for purposes of Section 8(a)(i)(B), one full year of a Performance Cycle shall be deemed to be completed on the earlier of (i) the last day of first full fiscal year of the Performance Cycle or (ii) the thirty-first day of December or March, as the case may be, that is closest to the end of such fiscal year.

(k) "Performance Goal" means the performance required to be achieved as a condition of earning of PRSUs under the Plan. As specified in Section 6(a), for each Participant who is a Covered Employee in a given Performance Cycle, the Performance Goal will include at least two components, a "Pre-Set Goal" which must be met in order for any amount to be earned and one or more "Challenge Goals" which will then determine the amount of PRSUs such Participant will earn for the Performance Cycle, and for each Participant who is not a Covered Employee in a given Performance Cycle, the Performance Goal may but is not required to include the Pre-Set Goal and will include one or more Challenge Goals which will then determine the amount of PRSUs such Participant will earn for the Performance Cycle.

(l) "PRSU" or "Performance Restricted Stock Unit" means a Stock Unit which is potentially earnable by a Participant hereunder upon achievement of the Performance Goal. PRSUs that have been earned but deferred at the election of the Participant continue to be referred to as PRSUs under the Plan, with the understanding that such PRSUs are no longer forfeitable upon Termination of Employment or based on performance.

(m) "Pro Rata Portion" means a portion of a specified number of PRSUs potentially earnable in a given Performance Cycle determined by multiplying such number of PRSUs by a fraction the numerator of which is the number of calendar days from the beginning of the Performance Cycle until a specified Proration Date and the denominator of which is the number of calendar days in the Performance Cycle, provided that in the case of PRSUs granted for the fiscal 2016 - 2018 Performance Cycle and 2017 - 2019 Performance Cycle, the denominator will be the number of calendar days through December 29, 2018 and December 28, 2019, respectively, and the numerator will not exceed the number of days in the denominator.

(n) "Settlement Deadline" means, in the case of PRSUs granted for the fiscal 2015 - 2017 and earlier Performance Cycles, the March 15 following the end of the Performance Cycle, and in the case of PRSUs granted for the fiscal 2016 - 2018 and later Performance Cycles, the June 15 following the end of the Performance Cycle; provided, however, that the Committee may specify a different Settlement Deadline for specific PRSUs so long as such Settlement Deadline is compliant with Section 409A of the Internal Revenue Code.

(o) "Stock Unit" means a bookkeeping unit which represents a right to receive one share of Common Stock upon settlement, together with a right to accrual of additional Stock Units as a result of Dividend Equivalents as specified in Section 7(b), subject to the terms and conditions of this Plan. Stock Units, which constitute an award under Article VIII of the 1996 Plan (including Section 8.6 thereof), are arbitrary accounting measures created and used solely for purposes of this Plan, and do not represent ownership rights in the Company, shares of Common Stock, or any asset of the Company.

(p) "Target PRSUs" means a number of PRSUs designated as a target number that potentially may be earned by a Participant in a given Performance Cycle.

(q) "Termination of Employment" means the Participant's termination of employment with the Company or any of its subsidiaries or affiliates in circumstances in which, immediately thereafter, the Participant is not employed by the Company or any of its subsidiaries or affiliates; provided, however, that in the case of any PRSUs that constitute a deferral of compensation, Termination of Employment shall mean a "separation from service" as defined in Treasury Regulation § 1.409A-1(h). The date of Termination of Employment will be determined without giving effect to any period during which severance payments may be made to a Participant, unless otherwise specifically stated herein.

4. **Shares Available Under the Plan** . Shares issuable or deliverable in settlement of PRSUs shall be drawn from the 1996 Plan. The Committee will monitor share usage under this Plan and the 1996 Plan to ensure that shares are available for settlement of PRSUs in compliance with the requirements of the 1996 Plan.

5. **Eligibility**. Employees who are eligible to participate in the 1996 Plan may be selected by the Committee to participate in this Plan.

6. **Designation and Earning of PRSUs**.

(a) ***Designation of PRSUs, Pre-Set Goals, Challenge Goals and Related Terms***. Not later than 90 days after the beginning of a Performance Cycle (except that this time limitation will not apply in the case of a Participant other than a Covered

Employee), the Committee shall (i) select Employees to participate in the Performance Cycle, (ii) designate the Pre-Set Goal (to the extent applicable) for the Performance Cycle, and (iii) designate for each Participant the number of Target PRSUs and the range of PRSUs the Participant shall have the opportunity to earn in such Performance Cycle. The time at which these terms have been designated for a given Participant shall be the Participant's "Designation of Participation" for the specified Performance Cycle, except that with respect to any designation made not later than 90 days after the beginning of a Performance Cycle, the Designation of Participation shall be the commencement date of the Performance Cycle. The number of PRSUs potentially earnable by each Participant shall range from 0% to a maximum percentage of a specified number of Target PRSUs, subject to the following provisions:

(A) In no event may the number of PRSUs that may be potentially earnable by any one Participant in all Performance Cycles that begin in any one calendar year exceed the applicable annual per-person limitation set forth in Section 5.3 of the 1996 Plan; and

(B) The maximum percentage of the number of Target PRSUs that may be earned shall be 225% of the number of Target PRSUs, unless the Committee specifies a lesser percentage.

The Pre-Set Goal is intended to be a "Performance Objective" within the meaning of Section 8.3 of the 1996 Plan, in order to qualify PRSUs as "performance-based compensation" under Section 162(m) of the Code. Accordingly, the Pre-Set Goal shall be based on one or more of the performance criteria specified in Section 8.3 of the 1996 Plan. If the Pre-Set Goal applicable to a Participant who is a Covered Employee (or if so specified for a Participant who is not a Covered Employee) for a Performance Cycle is not achieved, no PRSUs may be earned by the Participant for such Performance Cycle. In addition, the Committee may at any time, in its discretion, specify the Challenge Goals applicable to one or more years of the Performance Cycle. Challenge Goals may be specified as a table, grid, or formula that sets forth the amount of PRSUs that will be earned upon achievement of a specified level of performance during all or part of the Performance Cycle (subject to the requirement that the Pre-Set Goal has been achieved, in the case of a Participant who is a Covered Employee or if so specified by the Committee for other Participants). For purposes of Section 162(m) of the Code, the Committee is authorized to treat the maximum percentage of PRSUs as earned upon achievement of the Pre-Set Goal, so specification of the Challenge Goals and related terms represents an exercise of negative discretion by the Committee.

(b) ***Adjustments to Performance Goal***. The Committee may provide for adjustments to the Performance Goal (which may include adjustments to the Performance Cycle), to reflect changes in accounting rules, corporate structure or other circumstances of the Company, for the purpose of preventing dilution or enlargement of Participants' opportunity to earn PRSUs hereunder; provided, however, that no adjustment shall be authorized if and to the extent that such authorization or adjustment would cause the Pre-Set Goal applicable to a Participant who is a Covered Employee not to meet the "performance goal requirement" set forth in Treasury Regulation § 1.162-27(e)(2) under the Code.

(c) ***Determination of Number of Earned PRSUs***. Not later than the Settlement Deadline following the end of each Performance Cycle, the Committee shall determine the extent to which the Performance Goal for the earning of PRSUs was achieved during such Performance Cycle and the number of PRSUs earned by each Participant for the Performance Cycle. The Committee shall make written determinations that any Pre-Set Goal and Challenge Goals and any other material terms relating to the earning of PRSUs were in fact satisfied. The date at which the Committee makes a final determination of PRSUs earned with respect to a given Performance Cycle will be the "Determination Date" for such Performance Cycle. The Committee may adjust upward or downward the number of PRSUs earned, in its discretion, in light of such considerations as the Committee may deem relevant (but subject to applicable limitations of the 1996 Plan, as referenced in Section 6(a) of this Plan), provided that, with respect to a Participant who is a Covered Employee, no upward adjustment may be made if the Pre-Set Goal has not been achieved and adjustments otherwise shall comply with applicable requirements of Treasury Regulation § 1.162-27(e) under the Code.

7. **Certain Terms of PRSUs**.

(a) ***Accounts***. The Company shall maintain a bookkeeping account for each Participant reflecting the number of PRSUs then credited to the Participant hereunder. The Account may include subaccounts or other designations showing, with respect to separate Performance Cycles, PRSUs that remain potentially earnable, PRSUs that have been earned but deferred, and other relevant information. Fractional PRSUs shall be credited to at least three decimal places for purposes of this Plan, unless otherwise determined by the Administrator.

(b) ***Dividend Equivalents and Adjustments***. Unless otherwise determined by the Administrator, Dividend Equivalents shall be paid or credited on PRSUs that have been earned as follows:

(i) *Regular Cash Dividends*. At the time of settlement of PRSUs under Section 8 or 9, the Administrator shall determine the aggregate amount of regular cash dividends that would have been payable to the Participant, based on record dates for dividends since the beginning of the Performance Cycle (or, if later, the date of the Participant's Designation of Participation), if the earned PRSUs then to be settled had been outstanding shares of Common Stock at such record date (without compounding of dividends but adjusted to account for splits and other extraordinary corporate transactions). Such aggregate cash amount will be converted to a number of shares by dividing the amount by the Fair Market Value of a share of Common Stock at the settlement date.

(ii) *Common Stock Dividends and Splits*. If the Company declares and pays a dividend or distribution on Common Stock in the form of additional shares of Common Stock, or there occurs a forward split of Common Stock, then the number of PRSUs credited to each Participant's Account and potentially earnable hereunder as of the payment date for such dividend or distribution or forward split shall be automatically adjusted by multiplying the number of PRSUs credited to the Account or potentially earnable as of the record date for such dividend or distribution or split by the number of additional shares of Common Stock actually paid as a dividend or distribution or issued in such split in respect of each outstanding share of Common Stock.

(iii) *Adjustments*. If the Company declares and pays a dividend or distribution on Common Stock that is not a regular cash dividend and not in the form of additional shares of Common Stock, or if there occurs any other event referred to in Article XI of the 1996 Plan, the Committee may determine to adjust the number of PRSUs credited to each Participant's Account and potentially earnable hereunder, in order to prevent dilution or enlargement of Participants' rights with respect to PRSUs.

(c) ***Statements***. An individual statement relating to a Participant's Account will be issued to the Participant not less frequently than annually. Such statement shall report the amount of PRSUs potentially earnable and the number of PRSUs earned and remaining credited to Participant's Account (i.e., not yet settled), transactions therein during the period covered by the statement, and other information deemed relevant by the Administrator. Such statement may be combined with or include information regarding other plans and compensatory arrangements affecting the Participant. A Participant's statements may evidence the Company's obligations in respect of PRSUs without the need for the Company to enter into a separate agreement relating to such obligations; provided, however, that any statement containing an error shall not represent a binding obligation to the extent of such error.

8. **Effect of Termination of Employment**.

(a) ***Termination Prior to End of a Performance Cycle***. Except to the extent set forth in subsections (i) through (v) of this Section 8(a), upon a Participant's Termination of Employment prior to the end of a given Performance Cycle all unearned PRSUs relating to such Performance Cycle shall cease to be earnable and shall be canceled and forfeited, and Participant shall have no further rights or opportunities hereunder:

(i) *Retirement*.

(A) With respect to Performance Cycles for the years 2008-2010 and 2009-2011, if Termination of Employment is due to the Retirement (as defined in the 1996 Plan) of the Participant, the Participant shall be entitled to receive settlement of a Pro Rata Portion of the total number of PRSUs the Participant is deemed to have earned in accordance with this Section 8(a)(i)(A), with the Proration Date (used to calculate the Pro Rata Portion) being the date of Retirement, except that PRSUs relating to any Performance Cycle beginning in 2009 that has not completed one full year as of the date of Termination of Employment will not be earnable and will be cancelled as of the date of Termination of Employment. The settlement of such PRSUs shall occur promptly (and in any event not later than March 15) following completion of the fiscal year of the Company in which the Termination of Employment occurs. Performance for any open Performance Cycle shall be deemed to be the average performance achieved for the fiscal year(s) completed prior to the date of settlement. Any deferral election filed by the Participant shall be effective and apply to the settlement of the PRSUs.

(B) For any Performance Cycle commencing in 2010 or thereafter, if Termination of Employment is due to the Retirement of the Participant, the Participant shall be entitled to receive settlement of the total number of PRSUs the Participant is deemed to have earned for the full Performance Cycle in accordance with Section 6(c), except that PRSUs relating to any Performance Cycle that has not completed one full year as of the date of Termination of Employment will not be earnable and will be cancelled as of the date of Termination of Employment. The settlement of PRSUs for any such Performance Cycle shall occur promptly (and in any event not later than the Settlement Deadline) following completion of that Performance Cycle. Any deferral election filed by the Participant shall be effective and apply to the settlement of the PRSUs.

(ii) *Death or Disability.*

(A) With respect to Performance Cycles 2010-2012 and 2011-2013, if Termination of Employment is due to the Participant's death or Disability, the Participant in the case of Disability or the Participant's Beneficiary in the case of death shall be entitled to receive settlement of a Pro Rata Portion of the total number of PRSUs the Participant is deemed to have earned in accordance with this Section 8(a)(ii), with the Proration Date (used to calculate the Pro Rata Portion) being the date of death or Termination due to Disability. The settlement of such PRSUs shall occur promptly (and in any event not later than March 15) following completion of the fiscal year of the Company in which the date of death or Termination due to Disability occurs. Performance for any open Performance Cycle shall be deemed to be the average performance achieved for the fiscal year(s) completed prior to the date of settlement. Any deferral election filed by the Participant shall have no effect on the settlement of the PRSUs.

(B) With respect to any Performance Cycle commencing in 2012 or thereafter, if Termination of Employment is due to the Participant's death or Disability, the Participant shall be entitled to receive settlement of the total number of PRSUs the Participant is deemed to have earned for the full Performance Cycle in accordance with Section 6(c). Any deferral election filed by the Participant shall have no effect on the settlement of the PRSUs.

(iii) *Involuntary Termination By the Company Not for Cause Prior to a Change in Control.* If Termination of Employment is an involuntary separation by the Company not for Cause prior to a Change in Control, the Participant shall be entitled to receive settlement of a Pro Rata Portion of the total number of PRSUs the Participant is deemed to have earned in accordance with this Section 8(a)(iii), with the Proration Date (used to calculate the Pro Rata Portion) being the earlier of (A) the last day of the payroll period with respect to which a severance payment in the nature of salary continuation has been made and (B) the last day of the Performance Cycle. If no severance payments are to be made, the applicable Proration Date shall be the date of Termination of Employment. In all cases under this Section 8(a)(iii), PRSUs relating to any Performance Cycle beginning in 2009 or later or, with respect to the 2008-2010 Performance Cycle, as to which the Participant has been designated a participant after July 1, 2008, in which the Participant has not participated for twelve months as of the date of Termination of Employment (i.e., Termination occurs within 12 months after the Participant's Designation of Participation) will not be earnable and will be cancelled as of the date of Termination of Employment. The settlement of PRSUs shall occur promptly (and in any event not later than the Settlement Deadline) following completion of the applicable Performance Cycle. Performance for any open Performance Cycle shall be deemed to be the performance achieved for the full Performance Cycle. Any deferral election filed by the Participant shall have no effect on the settlement of the PRSUs.

(iv) *At or Following a Change in Control, Involuntary Termination By the Company Not for Cause or by Participant for Good Reason.* If Termination of Employment occurs at or after a Change in Control and is an involuntary separation by the Company not for Cause or a Termination by the Participant for Good Reason, the Participant shall be entitled to receive settlement of the total number of PRSUs the Participant is deemed to have earned in accordance with this Section 8(a)(iv), promptly (and in any event within 30 days) following the date of Termination of Employment. The amount of the settlement shall assume that the Participant has remained with the Company through the completion of each open Performance Cycle and that the performance achieved by the Company for each such Performance Cycle is the average of the performance achieved for the completed year(s) in such Performance Cycle if greater than 100% (i.e., the performance required to earn at least the Target PRSUs), or, if such average is less than 100%, the performance achieved shall be deemed to be the average of the actual performance for the completed year(s) in such Performance Cycle (if any) together with performance for years not yet complete being deemed to be 100% of target performance. Any deferral election filed by the Participant shall have no effect on the settlement of the PRSUs.

(v) *Termination by the Company for Cause or Voluntary Termination by the Participant* . If Termination of Employment is either by the Company for Cause or voluntary by the Participant (excluding a Termination for Good Reason following a Change in Control and excluding a Retirement), PRSUs relating to each Performance Cycle which has not yet ended will cease to be earnable and will be canceled.

The foregoing provisions notwithstanding, in the case of any PRSUs that constitute a deferral of compensation for purposes of Code Section 409A: (i) if such PRSUs would be settled at a date related to a Termination of Employment (other than due to death) under this Section 8(a) (or in connection with a permitted elective deferral of the PRSUs), such settlement date would be within six months after the Termination of Employment, and the Participant is a "Specified Employee" at the date of Termination of Employment under Code Section 409A, then the settlement date will be delayed until the date six months after Termination of Employment; (ii) if a fiscal year ends in December, any settlement required to follow such fiscal year end shall occur only on or after January 1; and (iii) if a Change in Control occurs but in connection therewith no event has occurred that constitutes a change in the ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (as defined in Treasury Regulation § 1.409A-3(i)(5)), then the time of settlement under Section 8(a)(iv) shall not be as specified therein but shall instead be at the applicable time under Section 8(a)(iii). PRSUs for a given Performance Cycle each will be deemed a separate payment for purposes of Code Section 409A. It is intended that PRSUs that are not electively deferred hereunder constitute short-term deferrals under Treasury Regulation § 1.409A-1(b)(4), unless otherwise specifically designated by the Company in the case of a specified Participant or class of PRSUs.

(b) ***Termination After Performance Cycle***. Upon a Participant's Termination of Employment at or after the end of a Performance Cycle, all PRSUs resulting from such Performance Cycle shall be settled in accordance with Section 9(a) as promptly as practicable after the Determination Date with respect to such Performance Cycle, except that, if the Participant has timely filed an irrevocable election to defer settlement of PRSUs following a Termination of Employment due to Retirement, such PRSUs shall be settled in accordance with such deferral election.

(c) ***Release***. Any settlement of PRSUs following Termination of Employment may be delayed by the Committee if the Participant's Employment Agreement or any policy of the Committee then in effect conditions such settlement or severance payments upon the Company receiving a full and valid release of claims against the Company. In such case, the Company shall supply the form of release to the Participant by the date of Termination of Employment, and Participant must sign the release and not revoke it by such date as may be specified by the Company but in no event later than 52 days after Termination of Employment. If such 52-day period would begin in one calendar year and end in the next, then settlement shall only occur in the latter calendar year.

9. **Settlement of PRSUs**.

(a) ***Settlement If PRSUs Not Deferred***. Not later than the Settlement Deadline following the end of each Performance Cycle, the Committee shall settle all PRSUs earned in respect of such Performance Cycle, other than PRSUs deferred under Section 9(b) or settled as specified in Section 8, by issuing and/or delivering to the Participant one share of Common Stock for each PRSU being settled. Such issuance or delivery shall occur as promptly as practicable after the Determination Date for the Performance Cycle.

(b) ***Deferral of PRSUs***. If and to the extent authorized by the Committee, at any time on or before such date as may be specified by the Administrator, the Participant may elect to defer settlement of PRSUs to a date (i) later than the Determination Date for the Performance Cycle to which the PRSUs relate or (ii) later than Termination of Employment due to Retirement, as specified by the Participant; provided, however, that an optional deferral shall be subject to such additional restrictions and limitations as the Committee or Administrator may from time to time specify, including for purposes of ensuring that the Participant will not be deemed to have constructively received compensation in connection with such deferral. Dividend equivalents shall accrue on deferred PRSUs and shall be paid in cash annually to the Participant at an annual payment date set by the Administrator, without interest or compounding. Other provisions of the Plan notwithstanding, if any legislation or regulation imposes requirements on elective non-qualified deferred compensation that are inconsistent with the Plan and procedures hereunder, if Participants are not afforded an opportunity under such legislation or regulation to withdraw or modify their prior elections or deferred compensation resulting therefrom, then (i) if the prior deferrals can be automatically modified to conform to the requirements of the legislation or regulation with the Participant being deemed not to be in constructive receipt of the deferred compensation, then such modification automatically shall be in effect, and (ii) if not, then such deferral will immediately end and the deferred PRSUs shall be promptly settled in accordance with the Plan; provided, however, that if a Participant would be deemed to be in constructive receipt of any deferred amounts solely because of this provision, the provision shall be void and of no effect.

(c) ***Creation of Rabbi Trust***. If and to the extent authorized by the Committee, the Company may create one or more trusts and deposit therein Common Stock or other property for delivery to the Participant in satisfaction of the Company's obligations hereunder. Any such trust shall be a "rabbi" trust that shall not jeopardize the status of the Participant's rights hereunder as "unfunded" deferred compensation for federal income tax purposes. If so provided by the Committee, upon the deposit by the Committee of Common Stock in such a trust, there shall be substituted for the rights of the Participant to receive settlement by issuance and/or delivery of Common Stock under this Plan a right to receive property of the same type as and equal in value to the assets of the trust (to the extent that such assets represent the full amount of the Company's obligation at the date of deposit). The trustee of the trust shall not be permitted to diversify trust assets by voluntarily disposing of shares of Common Stock in the trust and reinvesting proceeds, but such trustee may be authorized to dispose of other trust assets and reinvest the proceeds in alternative investments, subject to such terms, conditions, and limitations as the Committee may specify, including for the purpose of avoiding adverse accounting consequences to the Company, and in accordance with applicable law.

(d) ***Settlement of PRSUs at the End of the Deferral Period***. Not later than 15 days after the end of any elective period of deferral or immediately in the case of a deferral period ending upon a Change in Control, the Company will settle all PRSUs then credited to a Participant's Account by issuing and/or delivering to the Participant one share of Common Stock for each PRSU being settled. Any deferral period will end on an accelerated basis immediately prior to a Change in Control, except as limited under Section 8(a) (final paragraph) and Section 9(b).

(e) ***Manner of Settlement***. The Committee or Administrator may, in its or his or her sole discretion, determine the manner in which shares of Common Stock shall be delivered by the Company, including the manner in which fractional shares shall be dealt with; provided, however, that no certificate shall be issued representing a fractional share. In furtherance of this authority, PRSUs may be settled by the Company issuing and delivering the requisite number of shares of Common Stock to a member firm of the New York Stock Exchange which is also a member of the National Association of Securities Dealers, as selected by the Company from time to time, which shares shall be deposited by such member firm in separate brokerage accounts for each Participant. If there occurs any delay between the settlement date and the date shares are issued or delivered to the Participant, a cash amount equal to any dividends or distributions the record date for which fell between the settlement date and the date of issuance or delivery of the shares shall be paid to the Participant together with the delivery of the shares.

(f) ***Settlement of PRSUs Held by Non-US Residents***. Other provisions of the Plan (including Section 9(e)) notwithstanding, PRSUs credited to the Account of a Participant who resides in or is subject to income tax laws of a country other than the United States may be settled in cash, in the discretion of the Committee. The cash amount payable in settlement of each PRSU shall equal the Fair Market Value of a share at the date of not more than five business days before the date of settlement. The Committee is authorized to vary the terms of participation of such foreign Participants in any other respect (including in ways not consistent with the express provisions of the Plan) in order to conform to the laws, regulations, and business customs of a foreign jurisdiction.

(g) ***Tax Withholding***. The Company shall deduct from any settlement of a Participant's PRSUs and cash dividends paid in respect of any deferred PRSUs any Federal, state, or local withholding or other tax or charge which the Company is then required to deduct under applicable law. In furtherance of this requirement, the Company shall withhold from the shares of Common Stock issuable or deliverable in settlement of a Participant's PRSUs the number of shares having an aggregate Fair Market Value equal to any Federal, state, and local withholding or other tax or charge which the Company is required to withhold under applicable law, unless the Participant has otherwise elected and has made other arrangements satisfactory to the Company to pay such withholding amounts or unless otherwise determined by the Committee.

(h) ***Non-Transferability***. Unless otherwise determined by the Committee, neither a Participant nor any beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate, or encumber (except by reason of death) any PRSU, Account or Account balance, or other right hereunder, nor shall any such PRSU, Account or Account balance, or other right be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or any beneficiary, or to the debts, contracts, liabilities, engagements, or torts of the Participant or any Beneficiary or transfer by operation of law in the event of bankruptcy or insolvency of the Participant or any beneficiary, or any legal process.

10. **General Provisions**.

(a) ***Changes to this Plan***. The Committee may at any time amend, alter, suspend, discontinue, or terminate this Plan, and such action shall not be subject to the approval of the Company's shareholders; provided, however, that, without the consent of an affected Participant, no such action may materially impair the rights of such Participant under this Plan. The foregoing notwithstanding, the Committee may, in its discretion, accelerate the termination of any Performance Cycle or any deferral period and the resulting settlement of PRSUs with respect to an individual Participant or all Participants, except that any accelerated settlement of PRSUs that constitute a deferral of compensation under Code Section 409A may occur only in compliance with applicable Regulations and interpretations of Section 409A.

(b) ***Delegation of Administrative Authority***. The Committee may, in writing, delegate some or all of its power and responsibilities under the Plan to the Administrator or any other officer of the Company or committee of officers and employees, except such delegation may not include (i) authority to amend the Plan under Section 10(a), (ii), with respect to any executive officer of the Company, authority under Section 6 or other authority required to be exercised by the Committee in order that compensation under the Plan will qualify as performance-based compensation under Section 162(m) of the Code, or (iii) authority that otherwise may not be delegated under the terms of the 1996 Plan, this Plan, or applicable law. In furtherance of this authority, the Committee hereby delegates to the Administrator, as from time to time designated, authority to administer the Plan and act on behalf of the Committee to the fullest extent permitted under this Section 10(b). This delegation of authority to the Administrator shall remain in effect until terminated or modified by resolution of the Committee (without a requirement that the Plan be amended further). The authority delegated to the Administrator hereunder shall include:

(i) Authority to adopt such rules for the administration of the Plan as the Administrator considers desirable, provided they do not conflict with the Plan; and

(ii) Authority under Section 9(b) to impose restrictions or limitations on Participant deferrals under the Plan, including in order to promote cost-effective administration of the Plan; no restriction or limitation on deferrals shall be deemed to conflict with the Plan.

No individual acting as Administrator (including any member of the committee serving as Administrator) shall participate in a decision directly affecting his or her own rights or obligations under the Plan, although participation in a decision affecting all Participants shall not be prohibited by this provision.

(c) ***Nonexclusivity of the Plan***. The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

(d) ***Effective Date and Plan Termination***. This Plan became effective on January 1, 2004, following its approval by the Committee. This Plan was most recently amended and restated by the Committee on October 18, 2017. This Plan will remain in effect until such time as the Company and Participants have no further rights or obligations under this Plan in respect of PRSUs not yet settled or the Committee otherwise terminates this Plan.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven E. Rendle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V.F. Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 2, 2017

/s/ Steven E. Rendle
Steven E. Rendle
Chairman, Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott A. Roe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V.F. Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 2, 2017

/s/ Scott A. Roe
Scott A. Roe
Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of V.F. Corporation (the “Company”) on Form 10-Q for the period ending September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven E. Rendle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 2, 2017

/s/ Steven E. Rendle

Steven E. Rendle
Chairman, Chief Executive Officer and President

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of V.F. Corporation (the "Company") on Form 10-Q for the period ending September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott A. Roe, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 2, 2017

/s/ Scott A. Roe

Scott A. Roe
Vice President and Chief Financial Officer