V F CORP
Form 10-Q
October 31, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 29, 2018
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 þ 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 þ 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 þ	Accelerated filer ¨
Non-accelerated filer ¨	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 þ

On October 27, 2018, there were 396,806,395 shares of the registrant's common stock outstanding.

VF CORPORATION
Table of Contents

	Page No.
Part I — Financial Information	
Item 1 — Financial Statements (Unaudited)	3
Consolidated Balance Sheets: September 2018, March 2018 and September 2017	3
Consolidated Statements of Income: Three and six months ended September 2018 and September 2017	4
Consolidated Statements of Comprehensive Income: Three and six months ended September 2018 and September 2017	5
Consolidated Statements of Cash Flows: Six months ended September 2018 and September 2017	6
Consolidated Statement of Stockholders' Equity: Six months ended September 2018	7
Notes to Consolidated Financial Statements	8
Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3 — Quantitative and Qualitative Disclosures about Market Risk	45
Item 4 — Controls and Procedures	45
Part II — Other Information	
Item 1 — Legal Proceedings	46
Item 1A — Risk Factors	46
Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds	47
Item 6 — Exhibits	48
Signatures	49

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)
VF CORPORATION
Consolidated Balance Sheets
(Unaudited)

(In thousands, except share amounts)	September 2018	March 2018	September 2017
ASSETS			
Current assets			
Cash and equivalents	$352,781	$680,762	$1,545,535
Accounts receivable, less allowance for doubtful accounts of: September 2018 – $28,316; March 2018 – $24,993; September 2017 – $21,467	2,196,064	1,408,587	1,815,198
Inventories	2,247,908	1,861,441	1,843,451
Other current assets	461,349	358,953	318,957
Current assets held-for-sale	159,852	—	—
Current assets of discontinued operations	—	373,580	104,286
Total current assets	5,417,954	4,683,323	5,627,427
Property, plant and equipment, net	1,035,671	1,011,617	905,671
Intangible assets, net	2,084,087	2,120,110	1,673,173
Goodwill	1,762,826	1,693,219	1,593,868
Other assets	829,887	803,041	743,898
Other assets of discontinued operations	—	—	330,884
TOTAL ASSETS	$11,130,425	$10,311,310	$10,874,921
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$1,570,516	$1,525,106	$1,985,287
Current portion of long-term debt	5,885	6,265	253,831
Accounts payable	732,453	583,004	532,381
Accrued liabilities	1,188,484	938,427	1,013,096
Current liabilities held-for-sale	11,358	—	—
Current liabilities of discontinued operations	—	86,027	36,800
Total current liabilities	3,508,696	3,138,829	3,821,395
Long-term debt	2,150,595	2,212,555	2,144,221
Other liabilities	1,291,578	1,271,830	881,962
Other liabilities of discontinued operations	—	—	89,923
Commitments and contingencies			
Total liabilities	6,950,869	6,623,214	6,937,501
Stockholders' equity			
Preferred Stock, par value $1; shares authorized, 25,000,000; no shares outstanding at September 2018, March 2018 or September 2017	—	—	—
Common Stock, stated value $0.25; shares authorized, 1,200,000,000; shares outstanding at September 2018 – 397,161,808; March 2018 – 394,313,070; September 2017 – 394,502,698	99,290	98,578	98,626
Additional paid-in capital	3,795,395	3,607,424	3,456,661
Accumulated other comprehensive income (loss)	(862,916)	(864,030)	(914,896)
Retained earnings	1,147,787	846,124	1,297,029
Total stockholders' equity	4,179,556	3,688,096	3,937,420
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,130,425	$10,311,310	$10,874,921

See notes to consolidated financial statements.

VF CORPORATION
Consolidated Statements of Income
(Unaudited)

	Three Months Ended September		Six Months Ended September	
(In thousands, except per share amounts)	2018	2017	2018	2017
Net revenues	$3,907,386	$3,392,934	$6,695,532	$5,661,554
Costs and operating expenses				
Cost of goods sold	1,950,601	1,689,041	3,335,578	2,831,517
Selling, general and administrative expenses	1,298,116	1,128,366	2,470,403	2,094,834
Total costs and operating expenses	3,248,717	2,817,407	5,805,981	4,926,351
Operating income	658,669	575,527	889,551	735,203
Interest income	2,845	4,571	6,238	8,154
Interest expense	(28,358)	(27,108)	(55,635)	(51,298)
Other income (expense), net	(34,055)	(1,913)	(54,721)	(5,130)
Income from continuing operations before income taxes	599,101	551,077	785,433	686,929
Income taxes	91,980	77,257	118,359	106,017
Income from continuing operations	507,121	473,820	667,074	580,912
Income (loss) from discontinued operations, net of tax	—	(87,680)	405	(84,883)
Net income	$507,121	$386,140	$667,479	$496,029
Earnings (loss) per common share - basic				
Continuing operations	$1.28	$1.20	$1.69	$1.47
Discontinued operations	—	(0.22)	—	(0.21)
Total earnings per common share - basic	$1.28	$0.98	$1.69	$1.26
Earnings (loss) per common share - diluted				
Continuing operations	$1.26	$1.19	$1.66	$1.46
Discontinued operations	—	(0.22)	—	(0.21)
Total earnings per common share - diluted	$1.26	$0.97	$1.67	$1.24
Cash dividends per common share	$0.46	$0.42	$0.92	$0.84

See notes to consolidated financial statements.

VF CORPORATION
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended September		Six Months Ended September	
(In thousands)	2018	2017	2018	2017
Net income	$507,121	$386,140	$667,479	$496,029
Other comprehensive income (loss)				
Foreign currency translation and other				
Gains (losses) arising during the period	(12,600)	53,481	(173,758)	140,824
Income tax effect	(1,623)	11,764	(15,335)	33,493
Defined benefit pension plans				
Amortization of net deferred actuarial losses	6,655	10,030	15,477	20,032
Amortization of deferred prior service costs (credits)	(59)	643	610	1,288
Current period actuarial gains (losses)	(1,898)	—	52,042	—
Curtailment losses and settlement charges	1,342	—	17,667	—
Income tax effect	(1,562)	(3,743)	(22,217)	(7,758)
Derivative financial instruments				
Gains (losses) arising during the period	15,240	(51,147)	109,869	(107,486)
Income tax effect	(89)	(679)	(11,447)	7,184
Reclassification to net income for (gains) losses realized	13,846	(4,609)	30,163	(15,928)
Income tax effect	(90)	(39)	(1,957)	1,495
Other comprehensive income (loss)	19,162	15,701	1,114	73,144
Comprehensive income	$526,283	$401,841	$668,593	$569,173

See notes to consolidated financial statements.

VF CORPORATION
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended September	
(In thousands)	2018 [a]	2017 [a]
OPERATING ACTIVITIES		
Net income	$667,479	$496,029
Adjustments to reconcile net income to cash provided by operating activities:		
Impairment of goodwill	—	104,651
Depreciation and amortization	144,995	141,152
Stock-based compensation	55,129	42,668
Provision for doubtful accounts	10,415	8,706
Pension expense in excess of contributions	1,595	9,820
(Gain) loss on sale of businesses, net of tax	24,788	2,521
Other, net	21,788	(4,123)
Changes in operating assets and liabilities:		
Accounts receivable	(837,808)	(541,345)
Inventories	(433,351)	(230,707)
Accounts payable	150,613	95,957
Income taxes	(91,579)	(43,069)
Accrued liabilities	384,211	148,968
Other assets and liabilities	4,676	(14,383)
Cash provided by operating activities	102,951	216,845
INVESTING ACTIVITIES		
Business acquisitions, net of cash received	(320,405)	—
Proceeds from sale of businesses, net of cash sold	288,273	213,494
Capital expenditures	(140,196)	(83,537)
Software purchases	(32,748)	(32,794)
Other, net	(13,251)	(3,734)
Cash (used) provided by investing activities	(218,327)	93,429
FINANCING ACTIVITIES		
Net increase in short-term borrowings	40,219	1,697,179
Payments on long-term debt	(3,107)	(1,845)
Purchases of treasury stock	(480)	(762,059)
Cash dividends paid	(363,851)	(330,280)
Proceeds from issuance of Common Stock, net of shares withheld for taxes	130,114	44,861
Cash (used) provided by financing activities	(197,105)	647,856
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	(17,270)	(16,142)
Net change in cash, cash equivalents and restricted cash	(329,751)	941,988
Cash, cash equivalents and restricted cash – beginning of year	689,190	608,280
Cash, cash equivalents and restricted cash – end of period	$359,439	$1,550,268
Balances per Consolidated Balance Sheets:		
Cash and cash equivalents	$352,781	$1,545,535
Other current assets	3,919	3,309
Current assets held-for-sale	2,059	—
Current assets of discontinued operations	—	593
Other assets	680	831

Total cash, cash equivalents and restricted cash	$359,439	$1,550,268

(a) The cash flows related to discontinued operations and held-for-sale assets and liabilities have not been segregated, and remain included in the major classes of assets and liabilities. Accordingly, the Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

See notes to consolidated financial statements.

VF CORPORATION
Consolidated Statement of Stockholders' Equity
(Unaudited)

(In thousands, except share amounts)	Common Stock Shares	Common Stock Amounts	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balance, March 2018	394,313,070	$98,578	$3,607,424	$ (864,030)	$846,124
Adoption of new accounting standard	—	—	—	—	1,956
Net income	—	—	—	—	667,479
Dividends on Common Stock	—	—	—	—	(363,851)
Purchase of treasury stock	(5,210)	(1)	—	—	(479)
Stock-based compensation, net	2,853,948	713	187,971	—	(3,442)
Foreign currency translation and other	—	—	—	(189,093)	—
Defined benefit pension plans	—	—	—	63,579	—
Derivative financial instruments	—	—	—	126,628	—
Balance, September 2018	397,161,808	$99,290	$3,795,395	$ (862,916)	$1,147,787

See notes to consolidated financial statements.

VF CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)
NOTE 1 — BASIS OF PRESENTATION

VF Corporation (together with its subsidiaries, collectively known as “VF” or the “Company”) changed to a 52/53 week fiscal year ending on the Saturday closest to March 31 of each year. VF previously used a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. The Company's current fiscal year runs from April 1, 2018 through March 30, 2019 ("Fiscal 2019"). Accordingly, this Form 10-Q presents our second quarter of Fiscal 2019. For presentation purposes herein, all references to periods ended September 2018, March 2018 and September 2017 relate to the fiscal periods ended on September 29, 2018, March 31, 2018 and September 30, 2017, respectively.
The Nautica® brand business and the Licensing Business (which comprised the Licensed Sports Group and JanSport® brand collegiate businesses) have been reported as discontinued operations in our Consolidated Statements of Income, and the related held-for-sale assets and liabilities have been presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through their dates of disposal. These changes have been applied to all periods presented. Unless otherwise noted, discussion within these notes to the consolidated financial statements relates to continuing operations. Refer to Note 5 for additional information on discontinued operations.
During the three months ended September 2018, the Company reached the decision to sell its Reef® brand and Van Moer

businesses. The Company determined that the associated assets and liabilities met the held-for-sale accounting criteria and they were classified accordingly in the September 2018 Consolidated Balance Sheet. Refer to Note 5 for additional information on divestitures.
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. 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 six months ended September 2018 are not necessarily indicative of results that may be expected for any other interim period or for Fiscal 2019. 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 30, 2017 (“2017 Form 10-K”).
NOTE 2 — RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS

Recently Adopted Accounting Standards
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", 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 subsequently issued updates to the standard to provide additional clarification on specific topics. Collectively, the guidance is referred to as FASB Accounting Standards Codification Topic 606 ("ASC 606"). 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. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. The Company adopted this standard on April 1, 2018, utilizing the modified retrospective method and applying this approach to contracts not completed as of that date. The cumulative effect of initially applying the new standard has been recognized in retained earnings. Comparative prior period information has not been restated and continues to be reported under accounting standards in effect for those periods.

The adoption of ASC 606 resulted in a net increase of $2.0 million in the retained earnings line item of the Consolidated Balance Sheet as of April 1, 2018. The cumulative effect adjustment relates primarily to i) recognition of revenues for certain wholesale and e-commerce transactions at shipment rather than upon delivery to the customer based on our evaluation of the transfer of control of the goods, ii) discontinued capitalization of certain costs related to ongoing customer arrangements and iii) adjustments to the timing of recognition for certain royalty amounts.

Other effects of the adoption include presentation of allowances for sales incentive programs, discounts, markdowns, chargebacks, and returns as refund liabilities rather than as a reduction to accounts receivable and presentation of the right of return asset within other current assets rather than as a component of inventory in the Consolidated Balance Sheet. Additionally, sourcing fees received from customers and advertising contributions from licensees that had previously been reported as an offset to costs or expenses are now reported as revenue in the Consolidated Statements of Income. Refer to Note 3 for additional revenue disclosures.

The following tables compare amounts reported in accordance with the requirements of ASC 606 to the amounts that would have been reported had the new standard not been applied:

Condensed Consolidated Balance Sheet

	September 2018		
(In thousands)	As Reported	Impact of Adoption	Balances without Adoption of ASC 606
ASSETS			
Cash and equivalents	$352,781	$—	$352,781
Accounts receivable, net	2,196,064	(231,161)	1,964,903
Inventories	2,247,908	70,451	2,318,359
Other current assets	621,201	(61,518)	559,683
Total current assets	5,417,954	(222,228)	5,195,726
Property, plant and equipment, net	1,035,671	—	1,035,671
Goodwill and intangible assets, net	3,846,913	—	3,846,913
Other assets	829,887	348	830,235
TOTAL ASSETS	$11,130,425	$(221,880)	$10,908,545
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short-term borrowings and current portion of long-term debt	$1,576,401	$—	$1,576,401
Accounts payable	732,453	—	732,453
Accrued liabilities	1,199,842	(211,325)	988,517
Total current liabilities	3,508,696	(211,325)	3,297,371
Long-term debt	2,150,595	—	2,150,595
Other liabilities	1,291,578	(1,545)	1,290,033
Total liabilities	6,950,869	(212,870)	6,737,999
Total stockholders' equity	4,179,556	(9,010)	4,170,546
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,130,425	$(221,880)	$10,908,545

Condensed Consolidated Statements of Income

	Three Months Ended September 2018			Six Months Ended September 2018		
(In thousands)	As Reported	Impact of Adoption	Balances without Adoption of ASC 606	As Reported	Impact of Adoption	Balances without Adoption of ASC 606
Net revenues	$3,907,386	$(6,288)	$3,901,098	$6,695,532	$(15,983)	$6,679,549
Cost of goods sold	1,950,601	(7,599)	1,943,002	3,335,578	(20,405)	3,315,173
Selling, general and administrative expenses	1,298,116	5,218	1,303,334	2,470,403	8,794	2,479,197
Total costs and operating expenses	3,248,717	(2,381)	3,246,336	5,805,981	(11,611)	5,794,370
Operating income	658,669	(3,907)	654,762	889,551	(4,372)	885,179
Interest income (expense) and other income (expense), net	(59,568)	—	(59,568)	(104,118)	—	(104,118)
Income from continuing operations before income taxes	599,101	(3,907)	595,194	785,433	(4,372)	781,061
Income taxes	91,980	(692)	91,288	118,359	(774)	117,585
Income from continuing operations	507,121	(3,215)	503,906	667,074	(3,598)	663,476
Income (loss) from discontinued operations, net of tax	—	—	—	405	(3,456)	(3,051)
Net income	$507,121	$(3,215)	$503,906	$667,479	$(7,054)	$660,425

Condensed Consolidated Statement of Cash Flows - Operating Activities

(In thousands)	Six Months Ended September 2018		
	As Reported	Impact of Adoption	Activities without Adoption of ASC 606
OPERATING ACTIVITIES			
Net income	$667,479	$(7,054)	$660,425
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	144,995	173	145,168
Other adjustments, net	113,715	3,456	117,171
Changes in operating assets and liabilities:			
Accounts receivable	(837,808)	223,528	(614,280)
Inventories	(433,351)	(65,680)	(499,031)
Accounts payable	150,613	—	150,613
Income taxes	(91,579)	(774)	(92,353)
Accrued liabilities	384,211	(207,414)	176,797
Other assets and liabilities	4,676	53,765	58,441
Cash provided by operating activities	$102,951	$—	$102,951

There was no impact to investing or financing activities within the Consolidated Statement of Cash Flows as a result of the adoption of ASC 606.

In March 2018, the FASB issued ASU No. 2018-05, "Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118", which allowed Securities and Exchange Commission ("SEC") registrants to record provisional amounts in earnings for the year ended December 30, 2017 due to the complexities involved in accounting for the enactment of the Tax Cuts and Jobs Act (“Tax Act”). The Company recognized the estimated income tax effects of the Tax Act in its 2017 consolidated financial statements in accordance with SEC Staff Accounting Bulletin No. 118 ("SAB 118") and recorded revisions of our provisional estimate during the three and six months ended September 2018 and the three months ended March 2018. Refer to Note 13 for more information regarding the amounts recorded.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities", an update to the 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 became effective for VF in the first quarter of Fiscal 2019, but did not impact VF's consolidated financial statements. The FASB has subsequently issued an update to clarify the previous guidance. The amendments in this updated guidance became effective for VF in the second quarter of Fiscal 2019, but did not impact VF's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-04, "Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products", an update to the 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 financial liabilities related to prepaid stored-value products be subject to breakage accounting, consistent with ASC 606. This guidance became effective for VF in the first quarter of Fiscal 2019, but did not impact VF’s consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments", an update to the accounting guidance that addresses how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance became effective for VF in

the first quarter of Fiscal 2019 but did not impact VF's Consolidated Statements of Cash Flows.
In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business", 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 became effective for VF in the first quarter of Fiscal 2019 and was applied when accounting for the acquisitions completed subsequent to the adoption date, but did not impact our conclusions on whether they are a business. Refer to Note 4 for further information related to acquisitions.
In March 2017, the FASB issued ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost", an update which requires employers to disaggregate the service cost component from other components of net periodic benefit costs. 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 update specifies 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 requires application on a retrospective basis. The ASU was adopted by the Company on April 1, 2018, and as a result, VF reported increases in operating income and non-operating expense of $1.5 million and $3.1 million for the three and six months ended September 2017, respectively. VF applied the practical expedient permitted under the guidance which allows entities to use information previously disclosed in the pension and other post-retirement benefit plans

footnote as the basis to apply the retrospective presentation requirements. Refer to pension disclosure in Note 10.
In May 2017, the FASB issued ASU No. 2017-09, "Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting", 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 became effective for VF beginning in the first quarter of Fiscal 2019, but did not impact VF’s consolidated financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)", a new accounting standard on leasing. The FASB has subsequently issued updates to the standard to provide additional clarification on specific topics, including permitted transition methods. This new standard will require companies to record most leased assets and related liabilities on the balance sheet, and also retains a dual model approach for assessing lease classification and recognizing expense. VF's cross-functional implementation team has completed the design phase of the project, which involved reviewing the standard's provisions, evaluating real estate and non-real estate lease arrangements and identifying arrangements that may contain embedded leases. This project is nearing completion of the implementation phase which included collecting information from lease contracts, assessing potential embedded leases, evaluating accounting policy elections and implementing a new lease management system. Additionally, VF is updating processes and internal controls over systems and financial reporting to respond to relevant risks associated with the new standard including the preparation of the required financial information and new disclosures. Based on the efforts to date, VF expects this standard will have a material impact on the Consolidated Balance Sheets but does not expect it to have a material impact on the Consolidated Statements of Income. The Company will adopt the new standard in the first quarter of the year ended March 28, 2020 ("Fiscal 2020") utilizing the modified retrospective method and will recognize a cumulative-effect adjustment in retained earnings, if any, at the beginning of the period of adoption.
In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which requires 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 the year ended April 3, 2021 ("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 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities", 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.
In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income ("GILTI") provisions

of the Tax Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that companies must make a policy decision to either record deferred taxes related to GILTI inclusions or treat any taxes on GILTI inclusions as period costs. The Company is continuing to evaluate these options and will make its decision regarding the accounting policy election within the measurement period as provided under SAB 118. The Company does not expect the accounting policy election to have a material impact on VF's consolidated financial statements. The Company has considered the taxes resulting from GILTI as a current-period expense for the three and six months ended September 2018.
In February 2018, the FASB issued ASU No. 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income", an update that addresses the effect of the change in the U.S. federal corporate income tax rate due to the enactment of the Tax Act on items within accumulated other comprehensive income (loss). The 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.

In June 2018, the FASB issued ASU No. 2018-07, "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", an update that expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The 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.

In July 2018, the FASB issued ASU No. 2018-09, "Codification Improvements", an update that provides technical corrections, clarifications and other improvements across a variety of accounting topics. The transition and effective date guidance is based on the facts and circumstances of each update; however, many of them will be effective for VF in the first quarter of Fiscal 2020. The Company is evaluating the impact that adopting this guidance will have on VF's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", an update that modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The 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 disclosures.

In August 2018, the FASB issued ASU No. 2018-14, "Compensation— Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans", an update that modifies the disclosure requirements for employers who sponsor defined benefit pension or other postretirement plans. The guidance will be effective for VF in Fiscal 2021 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's disclosures.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract", an update that

aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The 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.

NOTE 3 — REVENUES

Revenue is recognized when performance obligations under the terms of a contract with the customer are satisfied based on the transfer of control of promised goods or services. The transfer of control typically occurs at a point in time based on consideration of when the customer has i) an obligation to pay for, ii) physical possession of, iii) legal title to, iv) risks and rewards of ownership of and v) accepted the goods or services. The timing of revenue recognition within the wholesale channel occurs either on shipment or delivery of goods based on contractual terms with the customer. The timing of revenue recognition in the direct-to-consumer channel generally occurs at the point of sale within VF-operated or concession retail stores and either on shipment or delivery of goods for e-commerce transactions based on contractual terms with the customer. For finished products shipped directly to customers from our suppliers, the Company's promise to the customer is a performance obligation to provide the specified goods, and thus the Company is the principal in the arrangement and revenue is recognized on a gross basis at the transaction price. For sourcing arrangements, the Company's promise to the customer is to arrange for certain goods, typically finished products, to be provided and thus the Company is acting as an agent and revenue is recognized on a net basis at the fee amount earned.

The duration of contractual arrangements with our customers in the wholesale and direct-to-consumer channels is typically less than one year. Payment terms with customers are generally between 30 and 60 days. The Company does not adjust the promised amount of consideration for the effects of a significant financing component as it is expected, at contract inception, that the period between the transfer of the promised good or service to the customer and the customer payment for the good or service will be one year or less.

The amount of revenue recognized in both wholesale and direct-to-consumer channels reflects the expected consideration to be received for providing the goods or services to the customer, which includes estimates for variable consideration. Variable consideration includes allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks and product returns. Estimates of variable consideration are determined at contract inception and reassessed at each reporting date, at a minimum, to reflect any changes in facts and circumstances. The Company utilizes the expected value method in determining its estimates of variable consideration, based on evaluations of specific product and customer circumstances, historical and anticipated trends, and current economic conditions.

Certain products sold by the Company include an assurance warranty. Product warranty costs are estimated based on historical and anticipated trends, and are recorded as cost of goods sold at the time revenue is recognized.

Revenue from the sale of gift cards is deferred and recorded as a contract liability until the gift card is redeemed by the customer, factoring in breakage as appropriate.

Various VF brands maintain customer loyalty programs where customers earn rewards from qualifying purchases or activities,

which are redeemable for discounts on future purchases or other rewards. For its customer loyalty programs, the Company estimates the stand-alone selling price of the loyalty rewards and allocates a portion of the consideration for the sale of products to the loyalty points earned. The deferred amount is recorded as a contract liability, and is recognized as revenue when the points are redeemed or when the likelihood of redemption is remote.

The Company has elected to treat all shipping and handling activities as fulfillment costs and recognize the costs as selling, general and administrative expenses at the time the related revenue is recognized. Shipping and handling costs billed to customers are included in net revenues. Sales taxes and value added taxes collected from customers and remitted directly to governmental authorities are excluded from the transaction price.

The Company has licensing agreements for its symbolic intellectual property, most of which include minimum guaranteed royalties. Royalty income is recognized as earned over the respective license term based on the greater of

minimum guarantees or the licensees' sales of licensed products at rates specified in the licensing contracts. Royalty income related to the minimum guarantees is recognized using a measure of progress with variable amounts recognized only when the cumulative earned royalty exceeds the minimum guarantees. As of September 2018, the Company expects to recognize $98.6 million of fixed consideration related to the future minimum guarantees in effect under its licensing agreements and expects such amounts to be recognized over time through December 2024. The variable consideration is not disclosed as a remaining performance obligation as the licensing arrangements qualify for the sales-based royalty exemption.

The Company has applied the practical expedient to recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

Performance Obligations

Disclosure is required for the aggregate transaction price allocated to performance obligations that are unsatisfied at the end of a reporting period, unless the optional practical expedients are applicable. VF is electing the practical expedients to not disclose the transaction price allocated to remaining performance obligations for i) variable consideration related to sales-based royalty arrangements and ii) contracts with an original expected duration of one year or less.

As of September 2018, there are no arrangements with transaction price allocated to remaining performance obligations other than contracts for which the Company has applied the practical expedients and fixed consideration related to future minimum guarantees discussed above.

For the three and six months ended September 2018, revenue recognized from performance obligations satisfied, or partially satisfied, in prior periods was not material.

Contract Balances

Accounts receivable represent the Company's unconditional right to receive consideration from a customer and are recorded at net invoiced amounts, less an estimated allowance for doubtful accounts.
Contract assets are rights to consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. Once the Company has an unconditional right to consideration under a contract, amounts are invoiced and contract assets are reclassified to accounts receivable. The Company's primary

contract assets relate to sales-based royalty arrangements, which are discussed in more detail above.
Contract liabilities are recorded when a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional, before the transfer of a good or service to the customer and thus represent the Company's obligation to transfer the good or service to the customer at a future date. The Company's primary contract liabilities relate to gift cards, loyalty programs and sales-based royalty arrangements, which are discussed in more detail above.
The following table provides information about accounts receivable, contract assets and contract liabilities:

(In thousands)	September 2018	At Adoption - April 1, 2018 [a]
Accounts receivable, net	$2,196,064	$1,408,587
Contract assets [b]	3,371	2,600
Contract liabilities [c]	33,005	28,252

[a] The Company adopted ASC 606 on April 1, 2018. Refer to Note 2 for additional information.
[b] Included in the other current assets line item in the Consolidated Balance Sheets.
[c] Included in the accrued liabilities line item in the Consolidated Balance Sheets.

For the three and six months ended September 2018, the Company recognized $11.3 million and $24.4 million, respectively, of revenue that was previously included in the contract liability balance. The change in the contract asset and contract liability balances primarily results from the timing differences between the Company's satisfaction of performance obligations and the customer's payment.

Disaggregation of Revenue

The following tables disaggregate our revenues by channel and geography, which provides a meaningful depiction of how the nature, timing and uncertainty of revenues are affected by economic factors. The wholesale channel includes fees generated from sourcing activities as the customers and point-in-time revenue recognition are similar to other wholesale arrangements.

	Three Months Ended September 2018					
(In thousands)	Outdoor	Active	Work	Jeans	Other	Total
Channel revenues						
Wholesale	$1,130,716	$684,028	$433,551	$560,307	$7,378	$2,815,980
Direct-to-consumer	332,548	610,672	34,425	64,415	27,821	1,069,881
Royalty	3,239	5,261	4,851	8,174	—	21,525
Total	$1,466,503	$1,299,961	$472,827	$632,896	$35,199	$3,907,386
Geographic revenues						
United States	$674,076	$652,494	$376,293	$429,772	$35,199	$2,167,834
International	792,427	647,467	96,534	203,124	—	1,739,552
Total	$1,466,503	$1,299,961	$472,827	$632,896	$35,199	$3,907,386

	Three Months Ended September 2017					
(In thousands)	Outdoor	Active	Work	Jeans	Other	Total
Channel revenues						
Wholesale	$1,065,419	$592,249	$208,215	$606,230	$—	$2,472,113
Direct-to-consumer	311,172	491,235	1,847	68,668	29,370	902,292
Royalty	4,411	6,132	—	7,986	—	18,529
Total	$1,381,002	$1,089,616	$210,062	$682,884	$29,370	$3,392,934
Geographic revenues						
United States	$668,166	$498,397	$204,360	$450,688	$29,370	$1,850,981
International	712,836	591,219	5,702	232,196	—	1,541,953
Total	$1,381,002	$1,089,616	$210,062	$682,884	$29,370	$3,392,934

	Six Months Ended September 2018					
(In thousands)	Outdoor	Active	Work	Jeans	Other	Total
Channel revenues						
Wholesale	$1,440,492	$1,338,876	$833,224	$1,085,762	$17,515	$4,715,869
Direct-to-consumer	588,512	1,086,208	72,263	134,780	53,924	1,935,687
Royalty	6,099	11,814	9,942	16,121	—	43,976
Total	$2,035,103	$2,436,898	$915,429	$1,236,663	$71,439	$6,695,532
Geographic revenues						
United States	$936,932	$1,296,599	$726,429	$870,084	$71,439	$3,901,483
International	1,098,171	1,140,299	189,000	366,579	—	2,794,049
Total	$2,035,103	$2,436,898	$915,429	$1,236,663	$71,439	$6,695,532

	Six Months Ended September 2017					
(In thousands)	Outdoor	Active	Work	Jeans	Other	Total
Channel revenues						
Wholesale	$1,355,656	$1,133,725	$413,225	$1,116,081	$—	$4,018,687
Direct-to-consumer	554,076	853,515	3,694	139,333	57,690	1,608,308
Royalty	7,520	11,666	—	15,373	—	34,559
Total	$1,917,252	$1,998,906	$416,919	$1,270,787	$57,690	$5,661,554
Geographic revenues						
United States	$940,757	$1,003,496	$406,608	$881,073	$57,690	$3,289,624
International	976,495	995,410	10,311	389,714	—	2,371,930
Total	$1,917,252	$1,998,906	$416,919	$1,270,787	$57,690	$5,661,554

NOTE 4 — ACQUISITIONS

Williamson-Dickie

On October 2, 2017, VF acquired 100% of the outstanding shares of Williamson-Dickie Mfg. Co. (“Williamson-Dickie”) for $800.7 million in cash, subject to working capital and other adjustments. The purchase price was primarily funded with short-term borrowings. During the three months ended March 2018, the purchase consideration was reduced by $2.3 million associated with the final working capital adjustment, resulting in a revised purchase price of $798.4 million. No additional adjustments have been made since that date, and the purchase price allocation was finalized during the three months ended September 2018.
Williamson-Dickie was a privately held company based in Ft. Worth, Texas, and was one of the largest companies in the workwear sector

with a portfolio of brands including Dickies®, Workrite®, Kodiak®, Terra® and Walls®. The acquisition of Williamson-Dickie 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.
For the three and six months ended September 2018, Williamson-Dickie contributed revenues of $252.8 million and $471.9 million, respectively, and net income of $18.5 million and $33.3 million, respectively.

The following table summarizes the fair values of the Williamson-Dickie assets acquired and liabilities assumed at the date of acquisition:

(In thousands)	October 2, 2017
Cash and equivalents	$ 60,172
Accounts receivable	146,403
Inventories	251,778
Other current assets	8,447
Property, plant and equipment	105,119
Intangible assets	397,755
Other assets	9,665
Total assets acquired	979,339
Short-term borrowings	17,565
Accounts payable	88,052
Other current liabilities	109,964
Deferred income tax liabilities	15,160
Other non-current liabilities	33,066
Total liabilities assumed	263,807
Net assets acquired	715,532
Goodwill	82,863
Purchase price	$ 798,395

The goodwill is attributable to the acquired workforce of Williamson-Dickie and the significant synergies expected to arise as a result of the acquisition. All of the goodwill was assigned to the Work segment and $52.3 million is expected to be deductible for tax purposes.
The Dickies®, Kodiak®, Terra® and Walls® trademarks, which management determined to have indefinite lives, have been valued at $316.1 million. The Workrite® trademark, valued at $0.8 million, is being amortized over three years.

Amortizable intangible assets have been assigned values of $78.6 million for customer relationships and $2.3 million for distribution agreements. Customer relationships are being amortized using an accelerated method over periods ranging from 10-13 years. Distribution agreements are being amortized on a straight-line basis over four years.
Total transaction expenses for the Williamson-Dickie acquisition were $15.0 million, all of which were recognized in the year ended December 30, 2017 in the selling, general and administrative expenses line item in the Consolidated Statements of Income.

The following unaudited pro forma summary presents consolidated information of VF as if the acquisition of Williamson-Dickie had occurred on January 3, 2016:

(In thousands)	Three Months Ended September 2017 (unaudited)	Six Months Ended September 2017 (unaudited)
Net revenues	$ 3,632,451	$ 6,116,723
Income from continuing operations	491,669	605,588
Earnings per common share from continuing operations		
Basic	$ 1.25	$ 1.53
Diluted	1.24	1.52

These pro forma amounts have been calculated after applying VF's accounting policies and adjusting the results of Williamson-Dickie to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant, and equipment and intangible assets had been applied from January 3, 2016, with related tax effects.
Pro forma financial information is not necessarily indicative of VF's operating results if the acquisition had been effected at the date indicated, nor is it necessarily indicative of future operating results. Amounts do not include any marketing leverage, operating efficiencies or cost savings that VF believes are achievable.
Icebreaker

On April 3, 2018, VF acquired 100% of the stock of Icebreaker Holdings Limited ("Icebreaker") for NZ$274.4 million ($198.5 million) in cash, subject to working capital and other adjustments. The purchase price was primarily funded with short-term borrowings. The purchase price decreased NZ$1.3 million ($0.9 million) and NZ$2.3 million ($1.6 million) during the three and six months ended September 2018, respectively, related to working capital adjustments, resulting in a revised purchase price of NZ$272.1 million ($197.0 million).

Icebreaker was a privately held company based in Auckland, New Zealand. Icebreaker®, the primary brand, specializes in high-performance apparel based on natural fibers, including Merino wool, plant-based fibers and recycled fibers. It is an ideal complement to VF's Smartwool® brand, which also features Merino wool in its clothing and accessories. Together, the Smartwool® and Icebreaker® brands will position VF as a global leader in the Merino wool and natural fiber categories.
For the three and six months ended September 2018, Icebreaker contributed revenues of $53.7 million and $79.4 million, respectively, representing 1.4% and 1.2% of VF's revenues in the respective periods. Icebreaker contributed net income of $7.0 million and $6.2 million in the three and six months ended September 2018, respectively, representing 1.4% and 0.9% of VF's net income in the respective periods.
The allocation of the purchase price is preliminary and subject to change for certain income tax matters. Accordingly, further adjustments may be made to the value of the assets acquired and liabilities assumed as additional information is obtained about the facts and circumstances that existed at the acquisition date.

The following table summarizes the estimated fair values of the Icebreaker assets acquired and liabilities assumed at the date of acquisition:

(In thousands)	April 3, 2018
Cash and equivalents	$6,444
Accounts receivable	16,781
Inventories	31,728
Other current assets	3,931
Property, plant and equipment	3,858
Intangible assets	98,041
Other assets	4,758
Total assets acquired	165,541
Short-term borrowings	7,235
Accounts payable	2,075
Other current liabilities	21,919
Deferred income tax liabilities	22,802
Other non-current liabilities	433
Total liabilities assumed	54,464
Net assets acquired	111,077
Goodwill	85,875
Purchase price	$196,952

The goodwill is attributable to the acquired workforce of Icebreaker and the significant synergies expected to arise as a result of the acquisition. All of the goodwill has been assigned to the Outdoor segment and none is expected to be deductible for tax purposes.
The Icebreaker® trademark, which management determined to have an indefinite life, has been valued at $70.1 million. Amortizable intangible assets have been assigned values of $27.8 million for customer relationships and $0.2 million for distribution agreements. Customer relationships are being amortized using an accelerated method over 11.5 years. Distribution agreements are being amortized on a straight-line basis over four years.
Total transaction expenses for the Icebreaker acquisition of $7.4 million have been recognized in the selling, general and administrative expenses line item in the Consolidated Statements of Income, of which $4.1 million was recognized during the three months ended June 2018. In addition, the Company has recognized a $9.9 million gain on derivatives used to hedge the purchase price of Icebreaker in the other income (expense), net line item in the Consolidated Statements of Income, of which $0.3 million was recognized during the three months ended June 2018.
Pro forma results of operations of the Company would not be materially different as a result of the Icebreaker acquisition and therefore are not presented.

Altra

On June 1, 2018, VF acquired 100% of the stock of Icon-Altra LLC, plus certain assets in Europe ("Altra"). The purchase price was $131.7 million in cash, subject to working capital and other adjustments and was primarily funded with short-term borrowings. The purchase price decreased $0.1 million during the three months ended September 2018, related to working capital adjustments, resulting in a revised purchase price of $131.6 million.
Altra®, the primary brand, is an athletic and performance-based lifestyle footwear brand, based in Logan, Utah. Altra provides VF with a unique and differentiated technical footwear brand and a capability that, when applied across VF's footwear platforms, will serve as a catalyst for growth.
For the three and six months ended September 2018, Altra contributed revenues of $17.0 million and $21.0 million, respectively, and net income of $1.9 million and $2.0 million, respectively.

The allocation of the purchase price is preliminary and subject to change, primarily for final adjustments to working capital balances and limited other valuation matters. Further adjustments may be made to the values of the acquired assets and liabilities as additional information is obtained about the facts and circumstances that existed at the acquisition date.

The following table summarizes the estimated fair values of the Altra assets acquired and liabilities assumed at the date of acquisition:

(In thousands)	June 1, 2018
Accounts receivable	$10,101
Inventories	9,310
Other current assets	575
Property, plant and equipment	1,107
Intangible assets	59,700
Total assets acquired	80,793
Accounts payable	5,068
Other current liabilities	7,415
Total liabilities assumed	12,483
Net assets acquired	68,310
Goodwill	63,247
Purchase price	$131,557

The goodwill is attributable to the significant growth and synergies expected to arise as a result of the acquisition. All of the goodwill was assigned to the Outdoor segment and is expected to be deductible for tax purposes. The Altra® trademark, which management determined to have an indefinite life, has been valued at $46.4 million. Amortizable intangible assets have been assigned values of $13.0 million for customer relationships and $0.3 million for distribution agreements. Customer relationships are being amortized using an accelerated method over 15 years. Distribution agreements are being amortized on a straight-line basis over four years.

Total transaction expenses for the Altra acquisition of $2.3 million were recognized in the selling, general and administrative expenses line item in the Consolidated Statements of Income during the three months ended June 2018. Pro forma results of operations of the Company would not be materially different as a result of the Altra acquisition and therefore are not presented.

NOTE 5 — DISCONTINUED OPERATIONS AND OTHER DIVESTITURES

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

Discontinued Operations

Nautica® Brand Business

During the three months ended December 30, 2017, the Company reached the strategic decision to exit the Nautica® brand business, and determined that it met the held-for-sale and discontinued operations accounting criteria. Accordingly, the Company has reported the results of the Nautica® brand business as discontinued operations in the Consolidated Statements of Income and presented the related held-for-sale assets and liabilities as assets and liabilities of discontinued operations in the Consolidated Balance Sheets through the date of sale.

On April 30, 2018, VF completed the sale of the Nautica® brand business for $289.1 million in cash. The estimated after-tax loss on sale is $38.6 million, which is subject to working capital and other adjustments.

The results of the Nautica® brand's North America business were previously reported in the former Sportswear segment, and the results of the Asia business were previously reported in the former Outdoor & Action Sports segment. The results of the Nautica® brand business recorded in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of

Income were income of $0.4 million (including a $5.0 million decrease in the estimated loss on sale) for the six months ended September 2018, and losses of $87.1 million and $79.3 million for the three and six months ended September 2017, respectively, including a $104.7 million impairment charge recorded during the three months ended September 2017.

Certain corporate overhead costs and segment costs previously allocated to the Nautica® brand business for segment reporting purposes did not qualify for classification within discontinued operations and have been reallocated to continuing operations.

Under the terms of the transition services agreement, the Company will provide certain support services for periods up to 12 months from the closing date of the transaction. Revenue and related expense items associated with the transition services are recorded in the Other category, and operating expense reimbursements are recorded within the corporate and other expenses line item, in the reconciliation of segment revenues and segment profit in Note 14.

Licensing Business

During the three months ended April 1, 2017, the Company reached the strategic decision to exit its Licensing Business, which comprised the Licensed Sports Group ("LSG") and the JanSport® brand collegiate businesses. Accordingly, the Company has reported the results of the businesses as discontinued operations in the Consolidated Statements of Income and presented the related held-for-sale assets and liabilities as assets and liabilities of discontinued operations in the Consolidated Balance Sheets through their respective dates of sale.
LSG included the Majestic® brand and was previously reported within the former Imagewear segment. On April 28, 2017, VF completed the sale of LSG to Fanatics, Inc. The Company received proceeds of $213.5 million, net of cash sold, resulting in a final after-tax loss on sale of $4.1 million, of which $2.7 million is included in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for the six months ended September 2017. The final adjustment to the after-tax loss on sale was $0.3 million in the three months ended September 2017.
The LSG results recorded in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income were income of $0.3 million (including a $0.3 million adjustment to the estimated loss on sale) and losses of $4.3 million (including a $2.7 million adjustment to the estimated loss on sale) for the three and six months ended September 2017, respectively.
During the three months ended December 30, 2017, VF completed the sale of the assets associated with the JanSport® brand

collegiate business, which was previously included within the former Outdoor & Action Sports segment. The Company received net proceeds of $1.5 million and recorded a final after-tax loss on sale of $0.2 million, of which a $0.2 million gain is included in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income for the six months ended September 2017.
The JanSport® brand collegiate results recorded in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income were losses of $0.9 million and $1.3 million (including a $0.2 million decrease to the estimated loss on sale) for the three and six months ended September 2017, respectively.
Certain corporate overhead and other costs previously allocated to the Licensing Business for segment reporting purposes did not qualify for classification within discontinued operations and have been reallocated to continuing operations.
Under the terms of the transition services agreement, the Company is providing certain support services for periods up to 24 months from the closing date of the transaction. Revenue and related expense items associated with the transition services are recorded in the Work segment, and operating expense reimbursements are recorded within the corporate and other expenses line item in the reconciliation of segment revenues and segment profit in Note 14.

Summarized Discontinued Operations Financial Information
The following table summarizes the major line items for the Nautica® brand business and the Licensing Business that are included in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income:

	Three Months Ended September		Six Months Ended September	
(In thousands)	2018	2017	2018	2017
Net revenues	$—	$122,382	$21,913	$245,838
Cost of goods sold	—	69,287	14,706	140,193
Selling, general and administrative expenses	—	39,867	12,391	85,469
Impairment of goodwill	—	104,651	—	104,651
Interest expense, net	—	(1)	—	(8)
Other income, net	—	3	272	8

Loss from discontinued operations before income taxes	—	(91,421)	(4,912)	(84,475)
Gain (loss) on the sale of discontinued operations before income taxes	—	411	4,206	(5,975)
Total loss from discontinued operations before income taxes	—	(91,010)	(706)	(90,450)
Income tax benefit	—	3,330	1,111	5,567
Income (loss) from discontinued operations, net of tax	$—	$(87,680)	$405	$(84,883)

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 2018	March 2018	September 2017
Cash	$ —	$2,330	$593
Accounts receivable, net	—	26,298	36,232
Inventories	—	55,610	66,112
Other current assets	—	1,247	1,034
Property, plant and equipment, net	—	15,021	15,861
Intangible assets	—	262,202	263,349
Goodwill	—	49,005	49,005
Other assets	—	3,961	2,984
Allowance to reduce assets to estimated fair value, less costs to sell	—	(42,094)	—
Total assets of discontinued operations [a]	$ —	$373,580	$435,170
Accounts payable	$ —	$11,619	$21,726
Accrued liabilities	—	10,658	15,074
Other liabilities	—	11,912	12,192
Deferred income tax liabilities [b]	—	51,838	77,731
Total liabilities of discontinued operations [a]	$ —	$86,027	$126,723

(a) Amounts at September 2017 related to the Nautica® brand business have been classified as current and noncurrent 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 for any periods presented. Depreciation and amortization expense was $6.5 million for the six months ended September 2017. An operating noncash item of $104.7 million related to the impairment of goodwill for the Nautica® brand business is included in the Consolidated Statement of Cash Flows for the six months ended September 2017.

Other Divestitures

Reef® Brand Business

During the three months ended September 2018, the Company reached the decision to sell the Reef® brand business, which is included in the Active segment. The Company determined that the associated assets and liabilities met the held-for-sale accounting criteria and they were classified accordingly in the September 2018 Consolidated Balance Sheet. VF recorded an estimated $9.9 million loss based on the anticipated terms of the sale. The loss is included in the other income (expense), net line item in the Consolidated Statement of Income for the three months ended September 2018.

VF signed a definitive agreement for the sale of the Reef® brand business on October 2, 2018, and completed the transaction on October 26, 2018. VF received cash proceeds of $139.4 million, which are subject to working capital and other adjustments.

Van Moer Business

During the three months ended September 2018, the Company reached the decision to sell the Van Moer business acquired with Williamson-Dickie, which is included in the Work segment. The Company determined that the associated assets and liabilities of the business met the held-for-sale accounting criteria and they were classified accordingly in the September 2018 Consolidated Balance Sheet. VF recorded a $22.4 million loss on the sale which is included in the other income (expense), net line item in the Consolidated Statement of Income for the three months ended September 2018.

On October 5, 2018, VF completed the sale of the Van Moer business, and received cash proceeds of €7.0 million ($8.1 million).

Summarized Held-for-Sale Financial Information

The following table presents the assets and liabilities of the Reef® brand and Van Moer businesses at September 2018:

(In thousands)	September 2018
Cash	$2,059
Accounts receivable, net	19,013
Inventories	32,856
Other current assets	1,649
Property, plant and equipment, net	4,859
Intangible assets	83,332
Goodwill	48,381
Other assets	24
Allowance to reduce assets to estimated fair value, less costs to sell	(32,321)
Total assets held-for-sale	$159,852
Accounts payable	$4,030
Accrued liabilities	5,857
Other liabilities	1,471
Total liabilities held-for-sale	$11,358

Spin-Off of Jeans Business

On August 13, 2018, VF announced its intention to spin-off its Jeans business, which will include the Wrangler®, Lee® and Rock & Republic® brands, as well as the VF Outlet business, into an independent, publicly-traded company. For the three months ended September 2018, the Company incurred $12.5 million of expenses associated with the spin-off, which have been recognized in the selling, general and administrative expenses line item in the Consolidated Statement of Income.

NOTE 6 — SALE OF ACCOUNTS RECEIVABLE

VF has an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis. This agreement was amended in August 2018 to permit up to $377.5 million of VF's accounts receivable to be sold to the financial institution and remain outstanding at any point in time, compared to the $367.5 million limit in place at March 2018 and September 2017. 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 six months ended September 2018 and 2017, VF sold total accounts receivable of $586.0 million and $586.5

million, respectively. As of September 2018, March 2018 and September 2017, $184.3 million, $191.2 million and $191.4 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 $1.3 million and $2.9 million for the three and six months ended September 2018, respectively, and $0.8 million and $1.8 million for the three and six months ended September 2017, respectively. Net proceeds of this program are classified as operating activities in the Consolidated Statements of Cash Flows.

NOTE 7 — INVENTORIES

(In thousands)	September 2018	March 2018	September 2017
Finished products	$2,018,129	$1,654,137	$1,651,404
Work-in-process	119,346	103,757	106,120
Raw materials	110,433	103,547	85,927

Total inventories	$2,247,908	$1,861,441	$1,843,451

NOTE 8 — INTANGIBLE ASSETS

			September 2018			March 2018
(In thousands)	Weighted Average Amortization Period	Amortization Method	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Amortizable intangible assets:						
Customer relationships	17 years	Accelerated	$348,226	$ 134,842	$213,384	$201,544
License agreements	19 years	Accelerated	7,762	4,736	3,026	6,256
Trademarks	16 years	Straight-line	58,932	10,259	48,673	50,623
Other	8 years	Straight-line	8,398	3,693	4,705	5,170
Amortizable intangible assets, net					269,788	263,593
Indefinite-lived intangible assets:						
Trademarks and trade names					1,814,299	1,856,517
Intangible assets, net					$2,084,087	$2,120,110

Intangible assets decreased during the six months ended September 2018 due to the classification of assets held-for-sale in connection with the planned divestiture of the Reef® brand business and foreign currency fluctuations, which were partially offset by the addition of intangible assets from the Icebreaker and Altra acquisitions.

Amortization expense for the three and six months ended September 2018 was $7.9 million and $15.8 million, respectively. Based on the carrying amounts of amortizable intangible assets noted above, estimated amortization expense for the next five years beginning in Fiscal 2019 is $32.6 million, $31.3 million, $29.8 million, $27.9 million and $26.4 million, respectively.

NOTE 9 — GOODWILL

Changes in goodwill are summarized by reportable segment as follows:

(In thousands)	Outdoor	Active	Work	Jeans	Total
Balance, March 2018	$844,726	$463,187	$172,472	$212,834	$1,693,219
Fiscal 2019 acquisitions	149,122	—	—	—	149,122
Classification as asset held-for-sale	—	(48,329)	(52)	—	(48,381)
Currency translation	(10,765)	(13,296)	(1,426)	(5,647)	(31,134)
Balance, September 2018	$983,083	$401,562	$170,994	$207,187	$1,762,826

In connection with the realignment of the Company's segment reporting structure, the Company allocated goodwill to any newly identified reporting units using a relative fair value approach as of the first day of the first quarter of Fiscal 2019. Balances as of March 2018 have been retrospectively adjusted to reflect the reallocation. Refer to Note 14 for additional information regarding the Company's reportable segments.

No impairment charges were recorded during the six months ended September 2018.

During the three months ended September 2018, the Company reclassified goodwill of $48.4 million to assets held-for-sale related to the planned divestitures of the Reef® brand and Van Moer businesses. Accumulated impairment charges for the goodwill reclassified from the Active segment were $31.1 million as of September 2018 and March 2018. Refer to Note 5 for additional information regarding the divestitures.

NOTE 10 — PENSION PLANS

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

	Three Months Ended September		Six Months Ended September	
(In thousands)	2018	2017	2018	2017
Service cost – benefits earned during the period	$5,561	$6,202	$11,785	$12,317
Interest cost on projected benefit obligations	15,818	14,730	31,831	29,439
Expected return on plan assets	(23,197)	(23,825)	(47,031)	(47,622)
Pension settlement charges	1,342	—	8,184	—
Pension curtailment losses	—	—	9,483	—
Amortization of deferred amounts:				
Net deferred actuarial losses	6,655	10,030	15,477	20,032
Deferred prior service costs (credits)	(59)	643	610	1,288
Net periodic pension cost	$6,120	$7,780	$30,339	$15,454

The amounts reported in these disclosures have not been segregated between continuing and discontinued operations.

On April 1, 2018, VF adopted ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost", which requires the Company to disaggregate the service cost component from other components of net periodic pension cost. Accordingly, in the Consolidated Statements of Income, VF has reported the service cost component within operating income and the other components of net periodic pension cost (which include interest cost, expected return on plan assets, amortization of prior service costs or credits and actuarial gains and losses) in the other income (expense), net line item.

VF contributed $28.7 million to its defined benefit plans during the six months ended September 2018, and intends to make approximately $12.2 million of contributions during the remainder of Fiscal 2019.

In the first quarter of Fiscal 2019, VF approved a freeze of all future benefit accruals under the U.S. qualified defined benefit pension

plan and the supplemental defined benefit pension plan, effective December 31, 2018. Accordingly, the Company recognized a $9.5 million pension curtailment loss in the other income (expense), net line item in the Consolidated Statement of Income for the three months ended June 2018. Actuarial valuations were obtained as of June 30, 2018 ("June 2018").

Additionally, VF reported $1.3 million and $8.2 million in settlement charges in the other income (expense), net line item in the Consolidated Statements of Income for the three and six months ended September 2018, respectively, related to the recognition of deferred actuarial losses resulting from lump sum payments of retirement benefits in the supplemental defined benefit pension plan. Actuarial valuations were obtained as of April 30, 2018 ("April 2018") and September 29, 2018.

Actuarial assumptions used in the interim valuations were reviewed and revised as appropriate. The discount rates used to determine pension obligations were as follows:

	September 2018	June 2018	April 2018
U.S. qualified defined benefit pension plan	N/A	4.25%	N/A
Supplemental defined benefit pension plan	4.29 %	4.24%	4.22%

NOTE 11 — CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Common Stock

During the six months ended September 2018, the Company did not purchase shares of Common Stock in open market transactions under its share repurchase program authorized by VF's Board of Directors.
Common Stock outstanding is net of shares held in treasury which are, in substance, retired. There were no shares held in treasury at the end of September 2018, March 2018 or September 2017. 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 six months ended September 2018, the Company purchased 5,210 shares of Common Stock in open market transactions related to its deferred compensation plans for $0.5 million.

Balances related to shares held for deferred compensation plans were as follows:

(In thousands, except share amounts)	September 2018	March 2018	September 2017
Shares held for deferred compensation plans	169,114	284,785	320,615
Cost of shares held for deferred compensation plans	$ 2,561	$ 3,621	$ 3,973

Accumulated Other Comprehensive Income (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 2018	March 2018	September 2017
Foreign currency translation and other	$(665,962)	$(476,869)	$(567,964)
Defined benefit pension plans	(226,039)	(289,618)	(268,159)
Derivative financial instruments	29,085	(97,543)	(78,773)
Accumulated other comprehensive income (loss)	$(862,916)	$(864,030)	$(914,896)

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

	Three Months Ended September 2018			
(In thousands)	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, June 2018	$(651,739)	$ (230,517)	$ 178	$(882,078)
Other comprehensive income (loss) before reclassifications	(14,223)	(1,416)	15,151	(488)
Amounts reclassified from accumulated other comprehensive income (loss)	—	5,894	13,756	19,650
Net other comprehensive income (loss)	(14,223)	4,478	28,907	19,162
Balance, September 2018	$(665,962)	$ (226,039)	$ 29,085	$(862,916)

	Three Months Ended September 2017	
(In thousands)		Total

	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	
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)

(In thousands)	Six Months Ended September 2018 Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, March 2018	$(476,869)	$ (289,618)	$ (97,543)	$(864,030)
Other comprehensive income (loss) before reclassifications	(189,093)	38,812	98,422	(51,859)
Amounts reclassified from accumulated other comprehensive income (loss)	—	24,767	28,206	52,973
Net other comprehensive income (loss)	(189,093)	63,579	126,628	1,114
Balance, September 2018	$(665,962)	$ (226,039)	$ 29,085	$(862,916)

(In thousands)	Six Months Ended September 2017 Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, March 2017	$(742,281)	$ (281,721)	$ 35,962	$(988,040)
Other comprehensive income (loss) before reclassifications	174,317	—	(100,302)	74,015
Amounts reclassified from accumulated other comprehensive income (loss)	—	13,562	(14,433)	(871)
Net other comprehensive income (loss)	174,317	13,562	(114,735)	73,144
Balance, September 2017	$(567,964)	$ (268,159)	$ (78,773)	$(914,896)

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 2018	2017	Six Months Ended September 2018	2017
Amortization of defined benefit pension plans:					
Net deferred actuarial losses	Other income (expense), net	$(6,655)	$(10,030)	$(15,477)	$(20,032)
Deferred prior service (costs) credits	Other income (expense), net	59	(643)	(610)	(1,288)
Pension curtailment losses and settlement charges	Other income (expense), net	(1,342)	—	(17,667)	—
Total before tax		(7,938)	(10,673)	(33,754)	(21,320)
Tax benefit		2,044	3,743	8,987	7,758
Net of tax		(5,894)	(6,930)	(24,767)	(13,562)
Gains (losses) on derivative financial instruments:					
Foreign exchange contracts	Net sales	4,527	11,614	5,472	18,661
Foreign exchange contracts	Cost of goods sold	(14,638)	(4,164)	(26,576)	1,489
Foreign exchange contracts	Selling, general and administrative expenses	(1,522)	(882)	(4,220)	(1,125)
Foreign exchange contracts	Other income (expense), net	(970)	(774)	(2,363)	(737)
Interest rate contracts	Interest expense	(1,243)	(1,185)	(2,476)	(2,360)
Total before tax		(13,846)	4,609	(30,163)	15,928
Tax benefit (expense)		90	39	1,957	(1,495)
Net of tax		(13,756)	4,648	(28,206)	14,433
Total reclassifications for the period, net of tax		$(19,650)	$(2,282)	$(52,973)	$871

NOTE 12 — STOCK-BASED COMPENSATION

During the six months ended September 2018, VF granted stock options to employees to purchase 65,403 shares of its Common Stock at a weighted average exercise price of $82.31 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.
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:

	Six Months Ended September 2018
Expected volatility	22% to 29%
Weighted average expected volatility	25%
Expected term (in years)	6.1 to 7.5
Weighted average dividend yield	2.6%
Risk-free interest rate	2.1% to 3.0%
Weighted average fair value at date of grant	$16.87

Also during the six months ended September 2018, VF granted 12,717 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 performance cycle. 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 three-year financial targets set by the Talent and Compensation Committee of the Board of Directors. Shares are issued to participants in the year following the conclusion of the three-year performance period. The weighted average fair market value of VF Common Stock at the dates the units were granted was $81.37 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 Consumer Discretionary Index. The grant date fair value of the TSR-based adjustment related to the performance-based RSU grants was determined using a Monte Carlo simulation technique that incorporates option-pricing model inputs, and was $4.61 per share.
VF granted 41,666 nonperformance-based RSUs to certain key employees in international jurisdictions during the six months ended September 2018. These units generally vest over periods of

up to three 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 dates the units were granted was $76.82 per share.
In addition, VF granted 21,847 nonperformance-based RSUs to employees during the six months ended September 2018. These awards generally vest 50% over a two-year period and 50% over a four-year period from the date of grant and entitle the holder to one share of VF Common Stock. The weighted average fair market value of VF Common Stock at the dates the units were granted was $84.84 per share.
For all nonperformance-based RSUs granted during the six months ended September 2018, dividend equivalents accrue and are payable in additional shares of VF Common Stock at the vesting date. Dividend equivalents are subject to the same risk of forfeiture as the nonperformance-based RSUs.
VF granted 25,323 restricted shares of VF Common Stock to certain members of management during the six months ended September 2018. These shares vest over periods of up to four years from the date of grant. The weighted average fair market value of VF Common Stock at the dates the shares were granted was $84.58 per share.
NOTE 13 — INCOME TAXES

On December 22, 2017, the U.S. government enacted the Tax Act, which included a broad range of complex provisions impacting the taxation of multi-national companies. Generally, accounting for the impacts of newly enacted tax legislation is required to be completed in the period of enactment; however, in response to the complexities and ambiguity surrounding the Tax Act, the SEC released SAB 118 to provide companies with relief around the initial accounting for the Tax Act. Pursuant to SAB 118, the SEC has provided a one-year measurement

period for companies to analyze and finalize accounting for the Tax Act. During the one-year measurement period, SAB 118 allows companies to recognize provisional amounts when reasonable estimates can be made for the impacts resulting from the Tax Act.
During the fourth quarter of 2017, VF recognized a provisional charge of approximately $465.5 million to reflect the impacts resulting from the Tax Act, primarily comprised of approximately

$512.4 million related to the transition tax and approximately $89.5 million of tax benefits related to revaluing U.S. deferred tax assets and liabilities using the new U.S. corporate tax rate of 21%. Other provisional charges of $42.6 million were primarily related to U.S. federal and state tax on foreign income and dividends and establishing a deferred tax liability for foreign withholding taxes as the Company is not asserting indefinite reinvestment on short-term liquid assets of certain foreign subsidiaries. All other foreign earnings, including basis differences of certain foreign subsidiaries, continue to be considered indefinitely reinvested. All amounts recorded in 2017 related to the Tax Act remain provisional.
On August 1, 2018, the U.S. Treasury Department released proposed regulations covering the transition tax. VF has evaluated the proposed regulations, noting certain guidance that is unclear or inconsistent with our interpretation of the Tax Act. Proposed regulations are not authoritative and are subject to change during

the regulatory review process. However, depending on how the proposed regulations are finalized, VF may be required to record up to $100 million of additional tax expense related to the transition tax in the quarter the regulations become final.

Under GAAP, companies are allowed to make an accounting policy election to either treat taxes resulting from GILTI as a current-period expense when they are incurred or factor such amounts into the measurement of deferred taxes. The Company has not completed its analysis related to this accounting policy election and has therefore considered the taxes resulting from GILTI as a current-period expense for the six-month period ended September 2018. See Note 2 for additional discussion on GILTI policy election.

The Tax Act has significant complexity and our final tax liability may materially differ from provisional estimates due to additional guidance and regulations that may be issued by the U.S. Treasury Department, the Internal Revenue Service ("IRS") and state and local tax authorities, and for VF's finalization of the relevant calculations required by the new tax legislation. VF will finalize accounting for the Tax Act during the one-year measurement period, and any adjustments to the provisional amounts will be included in income tax expense or benefit in the appropriate periods, and disclosed if material, in accordance with guidance provided by SAB 118.

The effective income tax rate for the six months ended September 2018 was 15.1% compared to 15.4% in the 2017 period. The six months ended September 2018 included a net discrete tax benefit of $3.2 million, which included a $19.8 million tax benefit related to stock compensation, $1.9 million of net tax expense related to unrecognized tax benefits and interest, $12.9 million of net tax expense related to adjustments to provisional amounts recorded in 2017 under the Tax Act and $1.6 million of tax expense related to adjustments to previously recognized state income tax credits. The $3.2 million net discrete tax benefit in the six months ended September 2018 reduced the effective income tax rate by 0.4%. The 2017 period included a net discrete tax benefit of $13.3 million, which included a $9.6 million tax benefit related to stock compensation, $6.0 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 $13.3 million net discrete tax benefit in the 2017 period decreased the effective income tax rate by 2.0%. Without discrete items, the effective income tax rate for the six months ended September 2018 decreased by 1.9% compared with the 2017 period primarily due to a lower U.S. corporate income tax rate that was effective beginning January 1, 2018.

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 IRS examinations for tax

years through 2014 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 tax expense 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. An additional assessment of €3.1 million ($3.8 million) was received and paid in January 2018. If this matter is adversely resolved, these amounts will not be collected by VF.

During the six months ended September 2018, the amount of net unrecognized tax benefits and associated interest increased by $1.0 million to $170.1 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 $8.0 million related to the completion of examinations and other settlements with tax authorities and the expiration of statutes of limitations, of which $5.6 million would reduce income tax expense.

NOTE 14 — REPORTABLE SEGMENT INFORMATION

In light of recently completed portfolio management actions and organizational realignments, the Company realigned its internal reporting structure in the first quarter of Fiscal 2019 to reflect the organizational changes to better support and assess the operations of the business. The chief operating decision maker allocates resources and assesses performance based on a global brand view which represents VF's operating segments. The

operating segments have been evaluated and combined into reportable segments because they have met the similar economic characteristics and qualitative aggregation criteria set forth in the relevant accounting guidance. Based on this assessment, the Company's reportable segments have been identified as: Outdoor, Active, Work and Jeans. Below is a description of VF's reportable segments and the primary brands included within each:

REPORTABLE SEGMENT	PRIMARY BRANDS
Outdoor - Outdoor apparel, footwear and equipment	The North Face® Timberland® (excluding Timberland PRO®) Smartwool® Icebreaker® Altra®
Active - Active apparel, footwear and accessories	Vans® Kipling® Napapijri® JanSport® Reef® Eastpak® Eagle Creek®
Work - Work and work-inspired lifestyle apparel, footwear and occupational apparel	Dickies® Bulwark® Red Kap® Timberland PRO® Wrangler® RIGGS Walls® Terra® Kodiak® Horace Small®
Jeans - Denim and casual apparel	Wrangler® (excluding Wrangler® RIGGS) Lee® Rock and Republic®

Other - included in the tables below for purposes of reconciliation of revenues and profit, but it is not considered a reportable segment. Includes sales of non-VF products at VF Outlet® stores and results from transition services related to the sale of the Nautica® brand business.

In the tables below, the Company has recast historical financial information to reflect the new reportable segments. The recast historical information has no impact on the Company's previously reported consolidated financial statements.

The results of Williamson-Dickie have been included in the Work segment since the October 2, 2017 acquisition date. The results of Kipling North America, which were previously included in the former Sportswear segment, have been

included in the Active segment for all periods presented. The results of Icebreaker and

Altra have been included in the Outdoor segment since their acquisition dates of April 3, 2018 and June 1, 2018, respectively.
The primary financial measures used by management to evaluate the financial results of VF's reportable segments are segment revenues and segment profit. Segment profit comprises the operating income and other income (expense), net line items of each segment.

Accounting policies used for internal management reporting at the individual segments are consistent with those in Note A of the 2017 Form 10-K, except as stated below. Corporate costs (other than common costs allocated to the segments), impairment charges and net interest expense are not controlled by segment management and therefore are excluded from the measurement of segment profit. Common costs such as information systems processing, retirement benefits and insurance are allocated from corporate costs to the segments based on appropriate metrics such as usage or employment. Corporate costs that are not allocated to the segments consist of corporate headquarters

expenses (including compensation and benefits of corporate management and staff, certain legal and professional fees and administrative and general costs) and other expenses which include a portion of defined benefit pension costs, development costs for management information systems, costs of registering, maintaining and enforcing certain of VF's trademarks and miscellaneous consolidated costs. Defined benefit pension plans in the U.S. are centrally managed. The current year service component of pension costs is allocated to the segments, while the remaining pension cost components are reported in corporate and other expenses.

Financial information for VF's reportable segments is as follows:

	Three Months Ended September		Six Months Ended September	
(In thousands)	2018	2017	2018	2017
Segment revenues:				
Outdoor	$1,466,503	$1,381,002	$2,035,103	$1,917,252
Active	1,299,961	1,089,616	2,436,898	1,998,906
Work	472,827	210,062	915,429	416,919
Jeans	632,896	682,884	1,236,663	1,270,787
Other	35,199	29,370	71,439	57,690
Total segment revenues	$3,907,386	$3,392,934	$6,695,532	$5,661,554
Segment profit:				
Outdoor	$258,121	$250,596	$174,626	$188,578
Active	351,051	273,092	620,248	457,720
Work	57,917	34,260	113,161	68,419
Jeans	97,658	117,563	184,707	198,821
Other	539	(782)	2,699	(1,104)
Total segment profit	765,286	674,729	1,095,441	912,434
Corporate and other expenses [(a)]	(140,672)	(101,115)	(260,611)	(182,361)
Interest expense, net	(25,513)	(22,537)	(49,397)	(43,144)
Income from continuing operations before income taxes	$599,101	$551,077	$785,433	$686,929

(a) Certain corporate overhead and other costs of $4.2 million and $8.4 million for the three and six-month periods ended September 2017, respectively, previously allocated to the former Sportswear and Outdoor & Action Sports segments for segment reporting purposes, have been reallocated to continuing operations as discussed in Note 5.

NOTE 15 — EARNINGS PER SHARE

	Three Months Ended September		Six Months Ended September	
(In thousands, except per share amounts)	2018	2017	2018	2017
Earnings per share – basic:				
Income from continuing operations	$507,121	$473,820	$667,074	$580,912
Weighted average common shares outstanding	395,892	393,258	395,029	395,161
Earnings per share from continuing operations	$1.28	$1.20	$1.69	$1.47
Earnings per share – diluted:				
Income from continuing operations	$507,121	$473,820	$667,074	$580,912
Weighted average common shares outstanding	395,892	393,258	395,029	395,161
Incremental shares from stock options and other dilutive securities	6,047	4,126	5,715	3,787
Adjusted weighted average common shares outstanding	401,939	397,384	400,744	398,948
Earnings per share from continuing operations	$1.26	$1.19	$1.66	$1.46

Outstanding options to purchase approximately 20,000 and 10,000 shares were excluded from the calculations of diluted earnings per share for the three and six-month periods ended September 2018, respectively, and outstanding options to purchase 4.9 million and 7.6 million shares were excluded from the calculations of diluted earnings per share for the three and six-month periods ended September 2017, respectively, because the effect of their inclusion would have been antidilutive.

In addition, 0.9 million shares of performance-based RSUs were excluded from the calculations of diluted earnings per share for both the three and six-month periods ended September 2018, and 1.1 million shares of performance-based RSUs were excluded from the calculations of diluted earnings per share for both the three and six-month periods ended September 2017, because these units were not considered to be contingent outstanding shares in those periods.

NOTE 16 — 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.

Recurring Fair Value Measurements

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

(In thousands)	Total Fair Value	Fair Value Measurement Using [a]		
		Level 1	Level 2	Level 3
September 2018				
Financial assets:				
Cash equivalents:				
Money market funds	$115,309	$115,309	$ —	$ —
Time deposits	5,635	5,635	—	—
Derivative financial instruments	58,646	—	58,646	—
Investment securities	183,155	174,215	8,940	—
Financial liabilities:				
Derivative financial instruments	15,364	—	15,364	—
Deferred compensation	209,660	—	209,660	—

(In thousands)	Total Fair Value	Fair Value Measurement Using [a]		
		Level 1	Level 2	Level 3
March 2018				
Financial assets:				
Cash equivalents:				
Money market funds	$185,118	$185,118	$ —	$ —
Time deposits	7,714	7,714	—	—
Derivative financial instruments	31,400	—	31,400	—
Investment securities	194,160	183,802	10,358	—
Financial liabilities:				
Derivative financial instruments	106,174	—	106,174	—
Deferred compensation	227,808	—	227,808	—

(a) There were no transfers among the levels within the fair value hierarchy during the six months ended September 2018 or the three months ended March 2018.

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 foreign exchange forward 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 2018 and March 2018, their carrying values approximated fair value. Additionally, at September 2018 and March 2018, the carrying values of VF’s long-term debt, including the current portion, were $2,156.5 million and $2,218.8 million, respectively, compared with fair values of $2,313.0

million and $2,403.9 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. There were no nonrecurring fair value measurements in the three months ended September 2018.

NOTE 17 — DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Summary of Derivative Financial Instruments

All of VF's outstanding derivative financial instruments are foreign exchange forward 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 all outstanding derivative contracts were $2.7 billion at September 2018, $2.9 billion at March

2018 and $2.4 billion at September 2017, consisting primarily of contracts hedging exposures to the euro, British pound, Canadian dollar, Mexican peso, Swiss franc, Swedish krona, South Korean won, Japanese yen, Polish zloty and New Zealand dollar. Derivative contracts have maturities up to 20 months.
The following table presents outstanding derivatives on an individual contract basis:

(In thousands)	Fair Value of Derivatives with Unrealized Gains			Fair Value of Derivatives with Unrealized Losses		
	September 2018	March 2018	September 2017	September 2018	March 2018	September 2017
Foreign currency exchange contracts designated as hedging instruments	$58,646	$21,496	$ 26,451	$(15,218)	$(105,795)	$(88,593)
Foreign currency exchange contracts not designated as hedging instruments	—	9,904	207	(146)	(379)	(619)
Total derivatives	$58,646	$31,400	$ 26,658	$(15,364)	$(106,174)	$(89,212)

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 foreign exchange forward 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:

(In thousands)	September 2018		March 2018		September 2017	
	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
Gross amounts presented in the Consolidated Balance Sheets	$58,646	$(15,364)	$31,400	$(106,174)	$26,658	$(89,212)
Gross amounts not offset in the Consolidated Balance Sheets	(15,281)	15,281	(20,918)	20,918	(26,001)	26,001
Net amounts	$43,365	$(83)	$10,482	$(85,256)	$657	$(63,211)

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

(In thousands)	September 2018	March 2018	September 2017
Other current assets	$ 48,957	$26,741	$ 23,387
Accrued liabilities	(12,349)	(96,087)	(75,266)
Other assets	9,689	4,659	3,271
Other liabilities	(3,015)	(10,087)	(13,946)

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 Six Months Ended September	
Cash Flow Hedging Relationships	2018	2017	2018	2017
Foreign currency exchange	$ 15,240	$ (51,147)	$ 109,869	$ (107,486)

(In thousands)	Gain (Loss) Reclassified from Accumulated OCI into Income Three Months Ended September		Gain (Loss) Reclassified from Accumulated OCI into Income Six Months Ended September	
Location of Gain (Loss)	2018	2017	2018	2017
Net sales	$ 4,527	$ 11,614	$ 5,472	$ 18,661
Cost of goods sold	(14,638)	(4,164)	(26,576)	1,489
Selling, general and administrative expenses	(1,522)	(882)	(4,220)	(1,125)
Other income (expense), net	(970)	(774)	(2,363)	(737)
Interest expense	(1,243)	(1,185)	(2,476)	(2,360)
Total	$ (13,846)	$ 4,609	$ (30,163)	$ 15,928

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 losses or gains on the related assets and liabilities.

Following is a summary of these derivatives included in VF's Consolidated Statements of Income:

(In thousands)	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 Six Months Ended September	
Derivatives Not Designated as Hedges		2018	2017	2018	2017
Foreign currency exchange	Cost of goods sold	$ 1,211	$ (927)	$ (630)	$ (568)
Foreign currency exchange	Other income (expense), net	(427)	(339)	669	(1,609)
Total		$ 784	$ (1,266)	$ 39	$ (2,177)

Other Derivative Information

There were no significant amounts recognized in earnings for the ineffective portion of any hedging relationships during the three and six-month periods ended September 2018 and September 2017.

At September 2018, accumulated OCI included $21.8 million of pre-tax net deferred gains 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 $14.3 million at September 2018, which will be reclassified into interest expense in the Consolidated Statements of Income over the remaining terms of the associated debt instruments. VF reclassified $1.3 million and $2.5 million of net deferred losses from accumulated OCI into interest expense for the three and six-

month periods ended September 2018, respectively, and $1.2 million and $2.3 million for the three and six-month periods ended September 2017, respectively. VF expects to reclassify $5.1 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. During the three and six-month periods ended September 2018, the Company recognized an after-tax gain of $3.9 million and $44.9 million, respectively, in OCI related to the net investment hedge, and an after-tax loss of $20.4 million and $57.7 million for the three and six-month periods ended September 2017, respectively. 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 six-month periods ended September 2018 and September 2017.

NOTE 18 — RESTRUCTURING

The Company typically incurs restructuring charges related to strategic initiatives and cost optimization of business activities. During the three and six months ended September 2018, VF leadership approved $13.0 million and $23.7 million, respectively, of restructuring charges. VF recognized $9.9 million and $17.8 million in selling, general and administrative expenses for the three and six months ended September 2018, respectively, and $3.1 million and $5.9 million in cost of goods sold for the three and six months ended September 2018, respectively. The Company has not

recognized significant incremental costs related to the 2016 and 2017 initiatives. Management expects to recognize additional expense for activities during Fiscal 2019.

Of the $43.5 million total restructuring accrual at September 2018, $30.4 million is expected to be paid out within the next 12 months and is classified within accrued liabilities. The remaining $13.1 million will be paid out beyond the next 12 months and thus is classified within other liabilities.

The activity in the restructuring accrual for the six-month period ended September 2018 is as follows:

(In thousands)	Severance	Other	Total
Accrual at March 2018	$43,145	$444	$43,589
Charges	22,214	1,450	23,664
Cash payments	(18,254)	(838)	(19,092)
Adjustments to accruals	(4,519)	—	(4,519)
Currency translation	(168)	—	(168)
Accrual at September 2018	$42,418	$1,056	$43,474

Restructuring charges were incurred as follows:

(In thousands)	Three Months Ended September 2018	Six Months Ended September 2018
Outdoor	$ 9,997	$ 12,895
Active	493	3,052
Work	1,111	3,939
Jeans	405	1,277
Corporate and other	995	2,501
Total	$ 13,001	$ 23,664

NOTE 19 — SUBSEQUENT EVENTS

On October 5, 2018, VF completed the sale of the Van Moer business. Refer to Note 5 for additional information.

On October 16, 2018, VF's Board of Directors declared a quarterly cash dividend of $0.51 per share, payable on December 20, 2018 to stockholders of record on December 10, 2018.

On October 26, 2018, VF completed the sale of the Reef® brand business. Refer to Note 5 for additional information.

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”) changed to a 52/53 week fiscal year ending on the Saturday closest to March 31 of each year. VF previously used a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. The Company's current fiscal year runs from April 1, 2018 through March 30, 2019 ("Fiscal 2019"). Accordingly, this Form 10-Q presents our second quarter of Fiscal 2019. For presentation purposes herein, all references to periods ended September 2018, March 2018 and September 2017 relate to the fiscal periods ended on September 29, 2018, March 31, 2018 and September 30, 2017, respectively. 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 same period in 2017 and their impact on translating foreign currencies into U.S. dollars. 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.

In light of the recently completed portfolio management actions and organizational realignments, the Company realigned its internal reporting structure in the first quarter of Fiscal 2019 to reflect the organizational changes to better support and assess the operations of the business. The chief operating decision maker allocates resources and assesses performance based on a global brand view with the reportable segments: Outdoor, Active, Work and Jeans. In the tables below, the Company has recast historical financial information to reflect the new reportable segments. These changes had no impact on previously reported consolidated results of operations. Refer to additional discussion in the “Information by Reportable Segment” section below and Note 14 to VF's consolidated financial statements.

On October 2, 2017, VF acquired 100% of the outstanding shares of Williamson-Dickie Mfg. Co. ("Williamson-Dickie") and the

business results have been included in the Work segment. On April 3, 2018, VF acquired 100% of the stock of Icebreaker Holdings Limited ("Icebreaker"). On June 1, 2018, VF acquired 100% of the stock of Icon-Altra LLC, plus certain assets in Europe ("Altra"). The business results for both acquisitions have been included in the Outdoor segment. Refer to Note 4 to VF's consolidated financial statements for additional information on acquisitions.

The Nautica® brand business and the Licensing Business (which comprised the Licensed Sports Group and JanSport® brand collegiate businesses) have been reported as discontinued operations in our Consolidated Statements of Income, and the related held-for-sale assets and liabilities have been presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through their respective dates of disposal. Unless otherwise noted, amounts, percentages and discussion for all periods included below reflect the results of operations and financial condition from VF’s continuing operations.

During the three months ended September 2018, the Company reached the decision to sell the Reef® brand and Van Moer businesses. The Company determined that the associated assets and liabilities met the held-for-sale accounting criteria and have been classified accordingly in the September 2018 Consolidated Balance Sheet.

On August 13, 2018, VF announced its intention to spin-off its Jeans business, which will include the Wrangler®, Lee® and Rock & Republic® brands, as well as the VF Outlet business. The spin-off will create two independent, publicly-traded companies. The transaction is expected to be tax-free to VF and its shareholders and will be effected through a pro-rata distribution of the new company’s stock to existing VF shareholders. The spin-off is expected to be completed in the first quarter of Fiscal 2020.

Refer to Note 5 to VF’s consolidated financial statements for additional information on discontinued operations and other divestitures.

HIGHLIGHTS OF THE SECOND QUARTER OF FISCAL 2019

- Revenues were up 15% to $3.9 billion compared to the three months ended September 2017, including a $323.5 million contribution from acquisitions and a 1% unfavorable impact from foreign currency.
- Active segment revenues increased 19% to $1.3 billion compared to the three months ended September 2017, including a 1% unfavorable impact from foreign currency.

- Outdoor segment revenues increased 6% to $1.5 billion compared to the three months ended September 2017, including a $70.7 million contribution from acquisitions and a 1% unfavorable impact from foreign currency.
- Direct-to-consumer revenues were up 19% over the 2017 period, including a 1% unfavorable impact from foreign currency and a 6-percentage point contribution from acquisitions. E-commerce revenues increased 48% in the current period, including a 1% unfavorable impact from foreign currency and a 17-percentage point contribution from acquisitions. Direct-to-consumer revenues accounted

for 27% of total revenues for the three months ended September 2018.

- International revenues increased 13% compared to the three months ended September 2017, including a 2% unfavorable impact from foreign currency and a 9-percentage point contribution from acquisitions. International revenues represented 45% of total revenues in the current period.
- Earnings per share increased 6% to $1.26 from $1.19 in the 2017 period, driven by organic revenue growth in the Active, Outdoor and Work segments, continued strength in our direct-to-consumer and international businesses and contributions from acquisitions. These improvements were partially offset by an increase in the effective tax rate, expenses related to the acquisition, integration and separation of businesses, continued investments in strategic priorities and an 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 for the three and six months ended September 2018 from the comparable periods in 2017:

(In millions)	Three Months Ended September	Six Months Ended September
Net revenues — 2017	$ 3,392.9	$ 5,661.6
Organic growth	230.9	455.9
Acquisitions	323.5	572.3
Impact of foreign currency	(39.9)	5.7
Net revenues — 2018	$ 3,907.4	$ 6,695.5

VF reported a 15% and 18% increase in revenues for the three and six months ended September 2018, respectively, compared to the 2017 periods. The revenue increase in both periods was attributable to organic growth in the Active, Outdoor and Work

segments, contributions from acquisitions and continued strength in our direct-to-consumer and international businesses. International sales grew in every region in both the three and six months ended September 2018. Additional details on revenues are provided in the section titled "Information by Reportable Segment."
The following table presents the percentage relationships to total revenues for components of the Consolidated Statements of Income:

	Three Months Ended September		Six Months Ended September	
	2018	2017	2018	2017
Gross margin (total revenues less cost of goods sold)	50.1 %	50.2 %	50.2 %	50.0 %
Selling, general and administrative expenses	33.2	33.3	36.9	37.0
Operating income	16.9 %	17.0 %	13.3 %	13.0 %

Gross margin decreased 10 basis points and increased 20 basis points in the three and six months ended September 2018, respectively, compared to the 2017 periods. Gross margin in the three months ended September 2018 was negatively impacted by lower margins attributable to acquired businesses, acquisition and integration costs and certain increases in product costs, partially offset by a mix-shift to higher margin businesses and increases in pricing. Gross margin in the six months ended September 2018 was favorably impacted by a mix-shift to higher margin businesses, increases in pricing and foreign currency changes, partially offset by lower margins attributable to acquired businesses, acquisition and integration costs and certain increases in product costs.
Selling, general and administrative expenses as a percentage of total revenues decreased 10 basis points during both the three and six months ended September 2018, compared to the 2017 periods. The decrease in both periods was due to leverage of operating expenses on higher revenues and was partially offset by expenses related to the acquisition, integration and separation of businesses and continued investments in strategic priorities. The three and six months ended September 2018 also include costs related to the relocation of our global headquarters and certain brands to Denver, Colorado.
Net interest expense increased $3.0 million and $6.3 million during the three and six months ended September 2018, respectively, compared to the 2017 periods. The increase in both periods was due to higher levels of short-term borrowings at higher interest rates and lower interest income as compared to 2017, which was partially offset by lower interest on long-term debt due to the payoff of the $250.0 million of 5.95% fixed-rate notes on November 1, 2017. Total outstanding debt averaged $3.6 billion in the six months ended September 2018 and $3.2 billion in the same

period in 2017, with weighted average interest rates of 3.0% and 3.1%, respectively.

The effective income tax rate for the six months ended September 2018 was 15.1% compared to 15.4% in the 2017 period. The six months ended September 2018 included a net discrete tax benefit of $3.2 million, which included a $19.8 million tax benefit related to stock compensation, $1.9 million of net tax expense related to unrecognized tax benefits and interest, $12.9 million of net tax expense related to adjustments to provisional amounts recorded in 2017 under the Tax Cuts and Jobs Act (“Tax Act”), and $1.6 million of tax expense related to adjustments to previously recognized state income tax credits. The $3.2 million net discrete tax benefit in the six months ended September 2018 reduced the effective income tax rate by 0.4%. The 2017 period included a net discrete tax benefit of $13.3 million, which included a $9.6 million tax benefit related to stock compensation, $6.0 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 $13.3 million net discrete tax benefit in the 2017 period decreased the effective income tax rate by 2.0%. Without discrete items, the effective income tax rate for the six months ended September 2018 decreased by 1.9% compared with the 2017 period primarily due to a lower U.S. corporate income tax rate that was effective beginning January 1, 2018.

As a result of the above, income from continuing operations in the three months ended September 2018 was $507.1 million ($1.26 per share) compared to $473.8 million ($1.19 per share) in the 2017 period, and income from continuing operations in the six months ended September 2018 was $667.1 million ($1.66 per share) compared to $580.9 million ($1.46 per share) in the 2017 period. Refer to additional discussion in the “Information by Reportable Segment” section below.

Information by Reportable Segment

As discussed above, VF realigned its internal reporting structure in the first quarter of Fiscal 2019 to reflect organizational changes to better support and assess the operations of the business. The new reportable segments are: Outdoor, Active, Work and Jeans. We have included an other category in the tables below for purposes of reconciliation of revenues and profit, but it is not considered a reportable segment. The Company has recast

historical financial information to reflect the new reportable segments. These changes had no impact on previously reported consolidated results of operations.
Refer to Note 14 to the consolidated financial statements for a summary of results of operations by segment, along with a reconciliation of segment profit to income before income taxes.
The following tables present a summary of the changes in segment revenues and profit in the three and six months ended September 2018 from the comparable periods in 2017:

	Three Months Ended September					
(In millions)	Outdoor	Active	Work	Jeans	Other	Total
Segment revenues — 2017	$1,381.0	$1,089.6	$210.1	$682.9	$29.3	$3,392.9
Organic	30.8	222.2	9.9	(37.9)	5.9	230.9
Acquisitions	70.7	—	252.8	—	—	323.5
Impact of foreign currency	(16.0)	(11.8)	—	(12.1)	—	(39.9)
Segment revenues — 2018	$1,466.5	$1,300.0	$472.8	$632.9	$35.2	$3,907.4

	Six Months Ended September					
(In millions)	Outdoor	Active	Work	Jeans	Other	Total
Segment revenues — 2017	$1,917.3	$1,998.9	$416.9	$1,270.8	$57.7	$5,661.6
Organic	17.6	422.9	26.2	(24.5)	13.7	455.9
Acquisitions	100.4	—	471.9	—	—	572.3
Impact of foreign currency	(0.2)	15.1	0.4	(9.6)	—	5.7
Segment revenues — 2018	$2,035.1	$2,436.9	$915.4	$1,236.7	$71.4	$6,695.5

	Three Months Ended September					
(In millions)	Outdoor	Active	Work	Jeans	Other	Total
Segment profit — 2017	$250.6	$273.1	$34.3	$117.6	$(0.9)	$674.7
Organic	(0.9)	80.3	1.1	(18.9)	1.3	62.9
Acquisitions	11.9	—	22.5	—	—	34.4
Impact of foreign currency	(3.5)	(2.3)	—	(1.0)	0.1	(6.7)
Segment profit — 2018	$258.1	$351.1	$57.9	$97.7	$0.5	$765.3

	Six Months Ended September					
(In millions)	Outdoor	Active	Work	Jeans	Other	Total
Segment profit — 2017	$188.6	$457.7	$68.4	$198.8	$(1.1)	$912.4
Organic	(19.4)	157.4	5.1	(15.0)	4.1	132.2
Acquisitions	10.9	—	39.7	—	—	50.6
Impact of foreign currency	(5.5)	5.1	—	0.9	(0.3)	0.2
Segment profit — 2018	$174.6	$620.2	$113.2	$184.7	$2.7	$1,095.4

The following sections discuss the changes in revenues and profitability by segment. For purposes of this analysis, royalty revenues have been included in the wholesale channel for all periods.
Outdoor

(Dollars in millions)	Three Months Ended September 2018	2017	Percent Change	Six Months Ended September 2018	2017	Percent Change
Segment revenues	$1,466.5	$1,381.0	6.2 %	$2,035.1	$1,917.3	6.1 %
Segment profit	258.1	250.6	3.0 %	174.6	188.6	(7.4)%
Operating margin	17.6 %	18.1 %		8.6 %	9.8 %	

The Outdoor segment includes the following brands: The North Face®, Timberland® (excluding Timberland PRO®), Smartwool®, Icebreaker® and Altra®.

Global revenues for Outdoor increased 6% in the three months ended September 2018 compared to 2017, including a 1% unfavorable impact due to foreign currency. Revenues in the Americas region increased 3%. Revenues in the Europe region increased 11%, including a 2% unfavorable impact from foreign currency. Revenues in the Asia-Pacific region increased 9%, with a 1% unfavorable impact from foreign currency. Included in these results are revenues from the Icebreaker acquisition of $53.7 million and revenues from the Altra acquisition of $17.0 million. Excluding revenues from Icebreaker and Altra, Outdoor revenues increased 1%, including a 1% unfavorable impact from foreign currency.

Global revenues for Outdoor increased 6% in the six months ended September 2018 compared to the 2017 period. Revenues in the Americas region increased 1%, including a 1% unfavorable impact due to foreign currency. Revenues in the Europe region increased 13%, including a 1% favorable impact from foreign currency. Revenues in the Asia-Pacific region increased 11%, with a 1% favorable impact from foreign currency. Included in these results are revenues from the Icebreaker acquisition of $79.4 million and revenues from the Altra acquisition of $21.0 million. Excluding revenues from Icebreaker and Altra, Outdoor revenues increased 1%.

Global revenues for The North Face® brand increased 5% and 6% in the three and six months ended September 2018, respectively, compared to the 2017 periods. This includes a 2% unfavorable impact from foreign currency in the three months ended September 2018. The increase in both periods was primarily due to growth in the direct-to-consumer channel, driven by comparable store and e-commerce growth in both the three and six months ended September 2018. Increases in the wholesale channel for the three months ended September 2018 were driven by growth in the Europe region, partially offset by declines in the Americas and Asia-Pacific regions due to timing of shipments and a 1% unfavorable impact from foreign currency. Increases in the wholesale channel for the six months ended September 2018 were driven by growth in the Europe region, partially offset by declines in the Americas region.

Global revenues for the Timberland® brand (excluding Timberland PRO®) decreased 2% in both the three and six months ended

September 2018 compared to the 2017 periods. The decreases in both periods were due to declines in both the wholesale and direct-to-consumer channels. This includes a 1% unfavorable impact from foreign currency for the three months ended September 2018. Decreases in the wholesale channel are primarily due to the timing of shipments. The decreases in the direct-to-consumer channel were driven by declines in the Europe and Asia-Pacific regions, partially offset by growth in the Americas region and e-commerce growth across all regions.

Global direct-to-consumer revenues for Outdoor increased 7% and 6% in the three and six months ended September 2018, respectively, compared to the 2017 periods. This includes a 1% unfavorable impact from foreign currency in the three months ended September 2018. Excluding revenues from acquisitions, global direct-to-consumer revenues increased 2% and 1% in the three and six months ended September 2018, respectively, compared to the 2017 periods. Growth in the direct-to-consumer channel was driven by a growing e-commerce business, partially offset by a 1% unfavorable impact from foreign currency in the three months ended September 2018 and flat comparable store sales.

Wholesale revenues increased 6% in both the three and six months ended September 2018 compared to the 2017

periods, including a 1% unfavorable impact from foreign currency in the three months ended September 2018. Excluding revenues from acquisitions, wholesale revenues increased 1% in both the three and six months ended September 2018 compared to the 2017 periods, including a 1% unfavorable impact from foreign currency in the three months ended September 2018. The increase in both periods was driven by growth in the Europe and Asia-Pacific regions, partially offset by declines in the Americas region and the timing of shipments.
Operating margin decreased 50 and 120 basis points in the three and six months ended September 2018, respectively, compared to the 2017 periods due to increased selling, general and administrative investments in product development and demand creation initiatives and costs related to the relocation of certain brands to Denver, Colorado. The increased costs were partially offset by higher gross margin in both periods driven by higher pricing, lower product costs and contributions from acquisitions. The decrease in the six months ended September 2018 was also due to an overall unfavorable impact from foreign currency.

Active

(Dollars in millions)	Three Months Ended September 2018	2017	Percent Change	Six Months Ended September 2018	2017	Percent Change
Segment revenues	$1,300.0	$1,089.6	19.3 %	$2,436.9	$1,998.9	21.9 %
Segment profit	351.1	273.1	28.5 %	620.2	457.7	35.5 %
Operating margin	27.0 %	25.1 %		25.5 %	22.9 %	

The Active segment includes the following brands: Vans®, Kipling®, Napapijri®, JanSport®, Reef®, Eastpak® and Eagle Creek®.

Global revenues for Active increased 19% in the three months ended September 2018, compared to the 2017 period, driven by growth across all channels and regions, including a 1% unfavorable impact from foreign currency. The direct-to-consumer growth was driven by strong e-commerce and comparable store growth. Revenues in the Americas region increased 28%, including a 1% unfavorable impact from foreign currency. Revenues in the Europe region increased 7%, including a 1% unfavorable impact from foreign currency. Revenues in the Asia-Pacific region increased 18%, with a 1% unfavorable impact from foreign currency.

Global revenues for Active increased 22% in the six months ended September 2018, compared to the 2017 period, driven by growth across all channels and regions, including a 1% favorable impact from foreign currency. The direct-to-consumer growth was driven by strong e-commerce and comparable store growth and new store openings. Revenues in the Americas region increased 27%. Revenues in the Europe region increased 13%, including a 2% favorable impact from foreign currency. Revenues in the Asia-Pacific region increased 20%, with a 3% favorable impact from foreign currency.

Vans® brand global revenues increased 26% and 30% in the three and six months ended September 2018, respectively, compared to the 2017 periods, including a 1% unfavorable impact from foreign currency in the three months ended September 2018. The increase in both periods was due to strong operational growth across all channels and regions, including strong comparable store and e-commerce growth and new store openings.

Global direct-to-consumer revenues for Active grew 24% and 27% in the three and six months ended September 2018, respectively, compared to the 2017 periods. The three months ended September 2018 included a 1% unfavorable impact from foreign currency. Growth in the direct-to-consumer channel for both periods was driven by a growing e-commerce business, comparable store growth and new store openings. Wholesale revenues increased 15% and 18% in the three and six months ended September 2018, respectively, driven by global growth in the Vans® brand and overall strength across the Europe region in both periods, and included a 2% unfavorable impact and 1% favorable impact from foreign currency in the three and six months ended September 2018, respectively.

Operating margin increased 190 and 260 basis points in the three and six months ended September 2018, respectively, compared to the 2017 periods, reflecting gross margin expansion driven by a mix-shift to higher margin businesses and products, leverage of operating expenses on higher revenues, partially offset by investments in our strategic growth priorities.

Work

(Dollars in millions)	Three Months Ended September 2018	2017	Percent Change	Six Months Ended September 2018	2017	Percent Change
Segment revenues	$472.8	$210.1	125.1%	$915.4	$416.9	119.6%
Segment profit	57.9	34.3	69.1 %	113.2	68.4	65.4 %
Operating margin	12.2 %	16.3 %		12.4 %	16.4 %	

The Work segment consists of occupational apparel and uniform product categories including the Bulwark®, Red Kap®, Timberland PRO®, Wrangler® RIGGS and Horace Small® brand industrial businesses, as well as the workwear apparel brands from the Williamson-Dickie acquisition including Dickies®, Workrite®, Walls®, Terra® and Kodiak®. The Work segment also included the results of certain transition services related to the sale of the Licensed Sports Group (the "LSG transition services") that commenced in the second quarter of 2017.

Global Work revenues increased 125% and 120% in the three and six months ended September 2018, respectively, compared to the 2017 periods. The six months ended September 2018 include a 1% favorable impact from foreign currency. Included in these results are revenues from the Williamson-Dickie acquisition of $252.8 million and $471.9 million for the three and six months ended September 2018, respectively. Excluding revenues from Williamson-Dickie, Work revenues increased 5% and 6% in the three and six months ended September 2018, respectively, compared to the 2017 periods. The revenue increase in both periods was primarily due to growth in the Bulwark®, Red Kap® and Wrangler® RIGGS brands, partially offset by a decline in LSG transition services revenues. The revenue increase in the six months ended September 2018 was also due to growth in the Timberland PRO® brand.

Operating margin decreased 410 and 400 basis points in the three and six months ended September 2018, respectively, compared to the 2017 periods. Excluding amounts related to the acquisition, integration and operating results of Williamson-Dickie, operating margin decreased 20 basis points and increased 20 basis points in the three and six months ended September 2018, respectively. The decrease in the three months ended September 2018 was driven by higher selling, general and administrative expenses, partially offset by a mix-shift to higher margin businesses and pricing. The increase in the six months ended September 2018 was driven by a mix-shift to higher margin businesses and pricing, partially offset by higher product costs.

Jeans

	Three Months Ended September			Six Months Ended September		
(Dollars in millions)	2018	2017	Percent Change	2018	2017	Percent Change
Segment revenues	$632.9	$682.9	(7.3)%	$1,236.7	$1,270.8	(2.7)%
Segment profit	97.7	117.6	(16.9)%	184.7	198.8	(7.1)%
Operating margin	15.4 %	17.2 %		14.9 %	15.6 %	

The Jeans segment consists of the global jeans businesses, led by the Wrangler® (excluding Wrangler® RIGGS) and Lee® brands.

Global Jeans revenues decreased 7% and 3% in the three and six months ended September 2018, respectively, compared to the 2017 periods. The decrease in both the three and six-month periods ended September 2018 was driven by declines in the wholesale and direct-to-consumer channels and a 1% unfavorable impact from foreign currency in both periods. Revenues in the Americas region decreased 5% and 2% in the three and six months ended September 2018, respectively, driven by declines in the wholesale channel and a 1% unfavorable impact from foreign currency in both periods. The wholesale channel revenues in both periods were negatively impacted by a U.S. customer bankruptcy. Revenues in the Asia-Pacific region decreased 10% and 2% in the three and six months ended September 2018, respectively, primarily due to declines in the wholesale channel. The three months ended September 2018 included a 4% unfavorable impact from foreign currency. Revenues in the Europe region decreased 14% and 7% in the three and six months ended September 2018, respectively, due to declines in the wholesale and direct-to-consumer channels. The three months ended September 2018 included a 2% unfavorable impact from foreign currency and the six months ended September 2018 included a 1% favorable impact from foreign currency.

Global revenues for the Wrangler® brand (excluding Wrangler® RIGGS) decreased 6% in the three months ended September 2018, due to declines in the wholesale and direct-to-consumer channels and a 2% unfavorable impact from foreign currency. Revenues in the six months ended September 2018 decreased 2%, driven by declines in the direct-to-consumer channel and a 1% unfavorable impact from foreign currency, partially offset by flat revenues in the U.S. wholesale channel. Global revenues for the Lee® brand decreased 9% and 4% in the three and six months ended September 2018, respectively, primarily due to declines in the wholesale and direct-to-consumer channels in both periods. The three months ended September 2018 included a 2% unfavorable impact from foreign currencies. The wholesale channel revenues of both brands for both periods were negatively impacted by a U.S. customer bankruptcy.
Operating margin decreased 180 and 70 basis points in the three and six months ended September 2018, respectively, compared to the 2017 periods. The decrease in both periods was primarily due to higher product costs, additional investments in our strategic growth priorities, including product development, and lower leverage of operating expenses due to decreased revenues, partially offset by pricing.

Other

	Three Months Ended September			Six Months Ended September		
(Dollars in millions)	2018	2017	Percent Change	2018	2017	Percent Change
Segment revenues	$35.2	$29.3	19.8 %	$71.4	$57.7	23.8 %
Segment profit (loss)	0.5	(0.9)	*	2.7	(1.1)	*
Operating margin	1.5 %	(2.7)%		3.8 %	(1.9)%	

*Calculation not meaningful

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 segment, while revenues and profits of non-VF

products are reported in this “other” category. Also included in this category are results from transition services related to the sale of Nautica® that commenced in the three months ended June 2018.

Reconciliation of Segment Profit to Income Before Income Taxes

There are two types of costs necessary to reconcile total segment profit, as discussed in the preceding paragraphs, to consolidated income before income taxes. These costs are (i) corporate and other expenses, discussed below, and (ii) interest expense, net, which was discussed in the "Consolidated Statements of Income" section.

	Three Months Ended September			Six Months Ended September		
(Dollars in millions)	2018	2017	Percent Change	2018	2017	Percent Change
Corporate and other expenses	$140.7	$101.1	39.1 %	$260.6	$182.4	42.9 %
Interest expense, net	25.5	22.5	13.2 %	49.4	43.1	14.5 %

Corporate and other expenses are those that have not been allocated to the segments 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 three and six months ended September 2018 compared to the 2017 periods include the estimated losses on sale of $9.9 million and $22.4 million related to the expected divestitures of the Reef® brand

and Van Moer businesses, respectively. The increases in both periods are also due to higher compensation costs and investments in our key strategic initiatives, including expenses related to the acquisition, integration and separation of businesses. Certain corporate overhead costs previously allocated in 2017 to the former Sportswear and Outdoor & Action Sports segments for segment reporting purposes have been reallocated to continuing operations as discussed in Note 5 to the consolidated financial statements.

International Operations

International revenues increased 13% and 18% in the three and six months ended September 2018, respectively, compared to the 2017 periods. Foreign currency negatively impacted international revenue growth by 2% in the three months ended September 2018. Revenues in Europe increased 11% and 16% in the three and six months ended September 2018, respectively, reflecting operational growth in both periods. Foreign currency negatively impacted revenues in Europe by 1% in the three months ended September 2018 and favorably impacted revenues by 1% in the six months ended September 2018. In the Asia-Pacific region, revenues increased 15% and 20% in the three and six months ended September 2018, respectively, driven by growth across the region, particularly in China. Foreign currency negatively impacted revenues in the Asia-Pacific region by 2% in the three months

ended September 2018 and favorably impacted revenues by 1% in the six months ended September 2018. Revenues in the Americas (non-U.S.) region increased 19% and 21% in the three and six months ended September 2018, respectively, reflecting operational growth, partially offset by an 8% and a 6% unfavorable impact from foreign currencies in the three and six months ended September 2018, respectively. International revenue growth in the three and six months ended September 2018 included a 9 and 10-percentage point contribution from acquisitions, respectively. International revenues were 45% of total revenues in both of the three-month periods ended September 2018 and 2017, and 42% of total revenues in both of the six-month periods ended September 2018 and 2017.

Direct-to-Consumer Operations

Direct-to-consumer revenues grew 19% and 20% in the three and six months ended September 2018, respectively, reflecting growth in all regions and in nearly every brand with direct-to-consumer operations. Foreign currency negatively impacted direct-to-consumer revenue growth by 1% in the three months ended September 2018. The increase in direct-to-consumer revenues for 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 48% and 51% in the three and six months ended September 2018, respectively. The e-commerce growth includes a 1% unfavorable and a

1% favorable impact from foreign currency in the three and six months ended September 2018, respectively. Acquisitions contributed 6 percent

and 5 percent to the direct-to-consumer revenue growth in the three and six months ended September 2018, respectively, and 17 percent and 19 percent to the e-commerce revenue growth in the three and six months ended September 2018, respectively. There were 1,520 VF-owned retail stores at the end of September 2018, including 98 Williamson-Dickie, Icebreaker and Altra stores compared to 1,432 at the end of September 2017. Direct-to-consumer revenues were 27% of total revenues in both of the three-month periods ended September 2018 and 2017. Direct-to-consumer revenues were 29% of total revenues in the six months ended September 2018 compared to 28% in the 2017 period.

ANALYSIS OF FINANCIAL CONDITION

Consolidated Balance Sheets

Acquisitions significantly impacted the September 2018 Consolidated Balance Sheets as compared to the September 2017 balances. Accordingly, the table below presents certain September 2018 balance sheet accounts excluding the Williamson-Dickie, Icebreaker and Altra balances at that date so that the remaining VF balances are comparable with the September 2017 balances.

	March 2018	September 2018			September 2017
(In thousands)	As Reported	As Reported	Acquisitions	VF Excluding Acquisitions	As Reported
Accounts receivable	$1,408,587	$2,196,064	$ 207,748	$ 1,988,316	$1,815,198
Inventories	1,861,441	2,247,908	303,827	1,944,081	1,843,451
Other current assets	358,953	461,349	20,011	441,338	318,957
Property, plant and equipment	1,011,617	1,035,671	84,401	951,270	905,671
Intangible assets and goodwill	3,813,329	3,846,913	760,790	3,086,123	3,267,041
Other assets	803,041	829,887	22,171	807,716	743,898
Short-term borrowings	1,525,106	1,570,516	—	1,570,516	1,985,287
Current portion of long-term debt	6,265	5,885	1,855	4,030	253,831
Accounts payable	583,004	732,453	114,473	617,980	532,381
Accrued liabilities	938,427	1,188,484	85,209	1,103,275	1,013,096
Long-term debt	2,212,555	2,150,595	24,219	2,126,376	2,144,221
Other liabilities	1,271,830	1,291,578	60,362	1,231,216	881,962

The following discussion refers to significant changes in balances at September 2018 compared to March 2018 on an as-reported basis:

- Increase in accounts receivable — primarily due to the seasonality of the business, timing of cash collections and reclassification of certain allowances to accrued liabilities due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606").
- Increase in inventories — due to the seasonality of the business and additional inventory related to the Icebreaker and Altra acquisitions, partially offset by reclassifications to other current assets due to the adoption of ASC 606.
- Increase in other current assets — primarily due to reclassifications from inventories due to the adoption of ASC 606 and higher levels of prepaid expenses.
- Increase in accounts payable — driven by the timing of inventory purchases and payments to vendors.
- Increase in accrued liabilities — primarily due to reclassification of certain allowances from accounts receivable due to the adoption of ASC 606 and higher accrued compensation, partially offset by a decrease in derivative liabilities and the timing of payments.

The following discussion refers to significant changes in balances at September 2018 for VF excluding acquisitions compared to September 2017 on an as-reported basis:

- Increase in accounts receivable — primarily due to the reclassification of certain allowances to accrued liabilities due to the adoption of ASC 606, higher wholesale shipments and the timing of cash collections.
- Increase in inventories — driven by the overall organic growth in the business.
- Increase in other current assets — primarily due to reclassifications from inventories due to the adoption of ASC 606 and higher levels of prepaid expenses.
- Increase in property, plant and equipment — primarily due to strategic capital projects including distribution and direct-to-consumer initiatives.
-

- Decrease in intangible assets and goodwill — primarily due to the reclassification to held-for-sale assets in connection with the planned divestiture of the Reef® brand business and foreign currency fluctuations.
- Increase in other assets — primarily due to an increase in the net funded status of the U.S. qualified defined benefit pension plan due to interim remeasurements and higher capitalized software costs.
- Decrease in short-term borrowings — due to net repayment of commercial paper borrowings.
- Decrease in the current portion of long-term debt — due to the repayment of $250.0 million of long-term notes that matured in the fourth quarter of 2017.
- Increase in accounts payable — driven by the timing of inventory purchases and payments to vendors.
- Increase in accrued liabilities — primarily due to reclassification of certain allowances from accounts receivable due to the adoption of ASC 606 and higher accrued compensation, partially offset by a decrease in derivative liabilities and the timing of payments.
- Increase in other liabilities — primarily due to higher accrued income taxes from the noncurrent portion of the transition tax recorded in 2017 under the Tax Act, partially offset by a decrease in deferred income taxes resulting from revaluation at the lower U.S. corporate rate required by the Tax Act.

Liquidity and Capital Resources

The financial condition of VF is reflected in the following:

(Dollars in millions)	September 2018	March 2018	September 2017
Working capital	$1,909.3	$1,256.9	$1,738.5
Current ratio	1.5 to 1	1.4 to 1	1.5 to 1
Debt to total capital	47.1%	50.4%	52.7%

The increase in the current ratio at September 2018 compared to March 2018 was primarily due to a net increase in current assets driven by higher accounts receivable and inventories balances, as discussed in the "Consolidated Balance Sheets" section above.

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 decrease in the debt to total capital ratio at September 2018 compared to March 2018 was due to the increase in stockholders' equity which was driven by net income and stock-based compensation activity, partially offset by payments of dividends. The decrease in the debt to total capital ratio at September 2018 compared to September 2017 was primarily due to the decrease in short-term borrowings and the current portion of long-term debt, as discussed in the

"Consolidated Balance Sheets" section above. The decrease in the debt to total capital ratio was also attributed to the increase in stockholders' equity which was driven by net income and stock-based compensation activity, partially offset by payments of dividends and purchases of treasury stock.

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 calendar year as inventory builds to support peak sales periods in the second half of the calendar year. Cash provided by operating activities in the second half of the calendar 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 calendar year.

In summary, our cash flows were as follows:

	Six Months Ended September	
(In thousands)	2018	2017
Cash provided by operating activities	$102,951	$216,845
Cash (used) provided by investing activities	(218,327)	93,429
Cash (used) provided by financing activities	(197,105)	647,856

The cash flows related to discontinued operations and held-for-sale assets and liabilities have not been segregated, and remain included in the major classes of assets and liabilities within the Consolidated Statements of Cash Flows. Accordingly, the information in the table above and cash flow discussion below include the results of continuing and discontinued operations.

Cash Provided by Operating Activities

Cash flow related to operating activities is dependent on net income, adjustments to net income and changes in working capital. The decrease in cash provided by operating activities in the six months ended September 2018 compared to September 2017 is primarily due to an increase in net cash usage for working capital, partially offset by higher net income in the six months ended September 2018.

Cash (Used) Provided by Investing Activities

The increase in cash used by investing activities in the six months ended September 2018 related primarily to $320.4 million of net cash paid for acquisitions. Investing activities also included $288.3 million of proceeds received from the sale of businesses in the six months ended September 2018, which is $74.8 million higher than the proceeds received from the sale of businesses during the same period in 2017. Capital expenditures increased $56.7 million compared to the 2017 period.

Cash (Used) Provided by Financing Activities

The increase in cash used by financing activities during the six months ended September 2018 was primarily due to a $1.7 billion net decrease in cash generated by short-term borrowings driven

by lower net borrowings in the six months ended September 2018 compared to the six months ended September 2017, partially offset by a $761.6 million decrease in treasury stock purchases and an $85.3 million increase in proceeds from issuance of Common Stock.

During the six months ended September 2018, VF purchased $0.5 million of Common Stock in open market transactions related to its deferred compensation plans. During the six months ended September 2017, VF 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).

As of the end of September 2018, the Company had $4.0 billion remaining for future repurchases under its share repurchase program. From October 1, 2018 to October 30, 2018, the Company repurchased approximately 1.5 million shares of Common Stock in open market transactions for $119.8 million (average price per share of $79.81). 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 and acquisitions. Outstanding short-term balances may vary from period to period depending on the level of corporate requirements.

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 2018 were $1.6 billion and $15.4 million, respectively, leaving approximately $679.6 million available for borrowing against the Global Credit Facility at September 2018.

VF has $198.7 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 $15.5 million at September 2018.

VF’s favorable credit agency ratings allow for access to additional liquidity at competitive rates. At the end of September 2018, 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 2017 Form 10-K provided a table summarizing VF’s contractual obligations and commercial commitments at the end of 2017 that would require the use of funds. As of September 2018, there have been no material changes in the amounts disclosed in the 2017 Form 10-K, except as noted below:

- Inventory purchase obligations increased by approximately $140 million at the end of September 2018 due to the seasonality of VF's businesses.
- Future minimum lease payments increased by approximately $240 million at the end of September 2018, primarily due to new office leases.

In addition, the Company entered into a 10-year power purchase agreement to procure electricity generated from renewable energy sources to meet a portion of the electricity needs for certain facilities in Mexico. The contract has a total purchase commitment of $44.4 million over the contract term and requires delivery of electricity to commence no later than March 2020.

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, including acquisitions, that may arise.

Recent Accounting Pronouncements

Refer to Note 2 to VF’s consolidated financial statements for information on recently issued and adopted accounting standards, including reclassifications made to 2017 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 2017 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 2017 Form 10-K. Except as disclosed in Note 2 and Note 3 to VF's consolidated financial statements, pertaining to adoption of new accounting pronouncements, there have been no material changes in these policies.

Cautionary Statement on Forward-looking Statements

From time to time, VF may make oral or written statements, including statements in this quarterly report that constitute “forward-looking statements” within the meaning of the federal securities laws. These include statements concerning plans, objectives, projections and expectations relating to VF’s operations or economic performance and assumptions related thereto. Forward-looking statements are made based on management’s expectations and beliefs concerning future events impacting VF and therefore involve a number of risks and uncertainties. Forward-looking statements are not guarantees, and actual results could differ materially from those expressed or implied in the forward-looking statements.
Potential risks and uncertainties that could cause the actual results of operations or financial condition of VF to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to: risks associated with the proposed spin-off of our Jeanswear business, including the risk that the spin-off will not be consummated within the anticipated time period or at all; the risk of disruption to our business in connection with the proposed spin-off and that we could lose revenue as a result of such disruption; the risk that the companies resulting from the spin-off do not realize all of the expected benefits of the spin-off; the risk that the spin-off will not be tax-free for U.S. federal income tax purposes; the risk that there will be a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of both businesses; and the risk that the combined value of the common stock of the two publicly-traded companies will not be equal to or greater than the value of VF Corporation common stock had the spin-off not occurred. There are also risks associated with the relocation of our global headquarters and a number of brands to the metro Denver area, including the risk of significant disruption to our operations, the temporary diversion of management resources and loss of key employees who have substantial experience and expertise in our business, the risk that

we may encounter difficulties retaining employees who elect to transfer and attracting new talent in the Denver area to replace our employees who are unwilling to relocate, the risk that the relocation may involve significant additional costs to us and that the expected benefits of the move may not be fully realized. Other risks include 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 vendors’ ability to maintain the strength and security of information technology systems; VF's ability to properly collect, use, manage and secure consumer and employee data; 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; VF's ability to execute and integrate acquisitions; changes in tax laws and 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 2017 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 2017 Form 10-K. There have been no material changes to the legal proceedings from those described in the 2017 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 2017 Form 10-K. Other than the additional risk factors presented below, there have been no material changes to the risk factors from those disclosed in the 2017 Form 10-K.
The planned spin-off of our Jeans business that will result in two independent, publicly-traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.
On August 13, 2018, we announced our plan to spin-off our Jeans business that will result in two independent, publicly-traded companies. We expect the spin-off to be completed in the first half of calendar 2019. The spin-off will be subject to final approval by our Board of Directors, effectiveness of a Form 10 Registration Statement filing with the U.S. Securities and Exchange Commission, execution of intercompany agreements, arrangements of financing facilities and other customary conditions. The transaction is intended to be tax-free for us and our shareholders for U.S. federal income tax purposes.
There are numerous risks associated with the proposed spin-off, including, but not limited to, the risk that the proposed spin-off of the Jeans business will not be consummated within the anticipated time period or at all; the risk of significant additional costs being incurred if the spin-off is delayed or does not occur at all; the risk of disruption to our business in connection with the proposed spin-off and that we could lose revenue as a result of such disruption; the risk that the proposed spin-off will require such a significant amount of time and attention from our senior management and employees that it could distract management and our employees from the operation of our business, negatively impacting operations; the risk that we may find it more difficult to attract, retain and motivate employees during the pendency of the spin-off and following its completion; the risk that the companies resulting from the spin-off do not realize all of the expected benefits of the spin-off; the risk that, as smaller, independent companies, the companies resulting from the spin-off will be less diversified companies with a narrower business focus and may be more vulnerable to changing market conditions as well as the risk of takeover by third parties; the risk that our credit rating will be impacted by the spin-off and related transactions; the risk that the spin-off will not be tax-free for U.S. federal income tax purposes; the risk that there will be a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of both businesses; and the risk that the combined value of the common stock of the two publicly-traded companies will not be equal to or greater than the value of VF Corporation common stock had the spin-off not occurred.

The potential negative impact of the events described above could have a material adverse effect on our business, financial condition, results of operations and prospects, whether we are constituted as two independent publicly-traded companies after the proposed spin-off is completed or as one company as currently constituted.
The relocation of our global headquarters; The North Face®, JanSport®, Smartwool®, Altra® and Eagle Creek® brands; and VF's Global Innovation Center for technical fabrics and Digital Lab could adversely affect our operations, operating results and financial condition, as we may experience disruptions to our business and incur additional costs in connection with the relocation.
We announced on August 13, 2018 the relocation of our global headquarters to the metro Denver area, which will also serve as the home for The North Face®, JanSport®, Smartwool®, Altra® and Eagle Creek® brands (the "Relocating Brands") and VF's Global Innovation Center for technical fabrics and Digital Lab (the "Innovation Center and Lab"). The process of moving our headquarters, the Relocating Brands and the Innovation Center and Lab is inherently complex and not part of our day-to-day operations. The relocation process could cause significant disruption to our operations, cause the temporary diversion of management resources and result in the loss of key employees who have substantial experience and expertise in our business, all of which could have a material adverse effect on our operations, operating results and financial condition. The need to replace Company personnel who do not relocate, train new

employees and transition Company operating knowledge may cause disruptions in our business. While we have implemented a transition plan to provide for the move of our global headquarters, the Relocating Brands and the Innovation Center and Lab, including relocation benefits for employees who may be transferring, and severance and retention benefits for employees who will not be continuing with the Company after the move, we may encounter difficulties retaining employees who elect to transfer and attracting new talent in the Denver area to replace our employees who are unwilling to relocate. We may also experience difficulties in retaining employees who will remain in Greensboro during the transition period and who we are relying on to facilitate the transition of operating knowledge. In addition, we may incur additional costs for duplication in staff as we effect the transition. We can give no assurance that the relocation will be completed as planned or within the expected timeframe. In addition, the relocation may involve significant additional costs to us and the expected benefits of the move may not be fully realized due to associated disruption to our operations and personnel.

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 29, 2018 under the share repurchase program authorized by VF’s Board of Directors in 2017.

Second Quarter 2019	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 1 - July 28, 2018	—	$ ——		$ 3,987,658,568
July 29 - August 25, 2018	2,210	93.08	2,210	3,987,452,864
August 26 - September 29, 2018	3,000	91.48	3,000	3,987,178,420
Total	5,210		5,210	

(1) Includes 5,210 shares of Common Stock that were purchased during the quarter in connection with VF's deferred compensation plans.

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

ITEM 6 — EXHIBITS

31.1	Certification of Steven E. Rendle, Chairman, President and Chief Executive Officer, 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, President and Chief Executive Officer, 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 (Principal Financial Officer)
Date: October 31, 2018	By:	/s/ Bryan H. McNeill Bryan H. McNeill Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)