
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 28, 2012

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 1-8344

LIMITED BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**Three Limited Parkway, P.O. Box 16000,
Columbus, Ohio**

(Address of principal executive offices)

31-1029810

(I.R.S. Employer
Identification No.)

43216

(Zip Code)

Registrant's telephone number, including area code (614) 415-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☒

Accelerated filer

☐

Non-accelerated filer

☐ (Do not check if a smaller reporting company)

Smaller reporting company

☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.50 Par Value

Outstanding at May 25, 2012

291,118,738 Shares

LIMITED BRANDS, INC.**TABLE OF CONTENTS**

	<u>Page No.</u>
Part I. Financial Information	
Item 1. Financial Statements *	
Consolidated Statements of Income for the Thirteen Weeks Ended April 28, 2012 and April 30, 2011 (Unaudited)	3
Consolidated Statements of Comprehensive Income for the Thirteen Weeks Ended April 28, 2012 and April 30, 2011 (Unaudited)	3
Consolidated Balance Sheets as of April 28, 2012 (Unaudited), January 28, 2012 and April 30, 2011 (Unaudited)	4
Consolidated Statements of Cash Flows for the Thirteen Weeks Ended April 28, 2012 and April 30, 2011 (Unaudited)	5
Notes to Consolidated Financial Statements (Unaudited)	6
Report of Independent Registered Public Accounting Firm	28
Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995	29
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	30
Item 3. Quantitative and Qualitative Disclosures About Market Risk	42
Item 4. Controls and Procedures	43
Part II. Other Information	44
Item 1. Legal Proceedings	44
Item 1A. Risk Factors	44
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 3. Defaults Upon Senior Securities	44
Item 4. Mine Safety Disclosures	44
Item 5. Other Information	44
Item 6. Exhibits	45
Signatures	46

* The Company’s fiscal year ends on the Saturday nearest to January 31. As used herein, “first quarter of 2012” and “first quarter of 2011” refer to the thirteen week periods ending April 28, 2012 and April 30, 2011, respectively.

PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

LIMITED BRANDS, INC. CONSOLIDATED STATEMENTS OF INCOME (in millions except per share amounts) (Unaudited)

	First Quarter	
	2012	2011
Net Sales	\$ 2,154	\$ 2,217
Costs of Goods Sold, Buying and Occupancy	(1,252)	(1,375)
Gross Profit	902	842
General, Administrative and Store Operating Expenses	(609)	(625)
Operating Income	293	217
Interest Expense	(78)	(55)
Other Income (Loss)	(2)	87
Income Before Income Taxes	213	249
Provision for Income Taxes	88	84
Net Income	\$ 125	\$ 165
Net Income Per Basic Share	\$ 0.43	\$ 0.52
Net Income Per Diluted Share	\$ 0.41	\$ 0.50
Dividends Per Share	\$ 0.25	\$ 0.20

LIMITED BRANDS, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (in millions) (Unaudited)

	First Quarter	
	2012	2011
Net Income	\$ 125	\$ 165
Other Comprehensive Income (Loss), Net of Tax		
Reclassification of Cash Flow Hedges to Earnings	12	29
Foreign Currency Translation	(4)	(2)
Unrealized Loss on Cash Flow Hedges	(3)	(28)
Unrealized Gain on Available-for-sale Investment	—	89
Total Other Comprehensive Income (Loss), Net of Tax	5	88
Total Comprehensive Income	\$ 130	\$ 253

The accompanying Notes are an integral part of these Consolidated Financial Statements.

LIMITED BRANDS, INC.
CONSOLIDATED BALANCE SHEETS
(in millions except per share amounts)

	April 28, 2012	January 28, 2012	April 30, 2011
	(Unaudited)		(Unaudited)
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,286	\$ 935	\$ 1,557
Accounts Receivable, Net	158	218	205
Inventories	1,100	997	1,075
Deferred Income Taxes	50	51	—
Other	222	167	327
Total Current Assets	2,816	2,368	3,164
Property and Equipment, Net	1,689	1,644	1,598
Goodwill	1,330	1,330	1,458
Trade Names and Other Intangible Assets, Net	495	495	601
Other Assets	286	271	194
Total Assets	<u>\$ 6,616</u>	<u>\$ 6,108</u>	<u>\$ 7,015</u>
LIABILITIES AND EQUITY (DEFICIT)			
Current Liabilities:			
Accounts Payable	\$ 536	\$ 540	\$ 640
Accrued Expenses and Other	691	770	689
Current Portion of Long-term Debt	57	57	—
Income Taxes	6	159	60
Total Current Liabilities	1,290	1,526	1,389
Deferred Income Taxes	191	183	218
Long-term Debt	4,480	3,481	3,510
Other Long-term Liabilities	786	780	771
Shareholders' Equity (Deficit):			
Preferred Stock - \$1.00 par value; 10 shares authorized; none issued	—	—	—
Common Stock - \$0.50 par value; 1,000 shares authorized; 302, 296 and 333 shares issued; 292, 295 and 308 shares outstanding, respectively	151	148	166
Paid-in Capital	78	25	213
Accumulated Other Comprehensive Income	5	—	89
Retained Earnings	75	24	1,456
Less: Treasury Stock, at Average Cost; 10, 1 and 25 shares, respectively	(440)	(60)	(797)
Total Limited Brands, Inc. Shareholders' Equity (Deficit)	(131)	137	1,127
Noncontrolling Interest	—	1	—
Total Equity (Deficit)	(131)	138	1,127
Total Liabilities and Equity (Deficit)	<u>\$ 6,616</u>	<u>\$ 6,108</u>	<u>\$ 7,015</u>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

LIMITED BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	First Quarter	
	2012	2011
Operating Activities:		
Net Income	\$ 125	\$ 165
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization of Long-lived Assets	95	98
Amortization of Landlord Allowances	(9)	(8)
Deferred Income Taxes	7	13
Share-based Compensation Expense	16	12
Excess Tax Benefits from Share-based Compensation	(87)	(19)
Gain on Sale of Express Common Stock	—	(86)
Changes in Assets and Liabilities:		
Accounts Receivable	47	32
Inventories	(102)	(39)
Accounts Payable, Accrued Expenses and Other	(168)	(45)
Income Taxes Payable	(66)	(128)
Other Assets and Liabilities	(41)	(13)
Net Cash Used for Operating Activities	(183)	(18)
Investing Activities:		
Capital Expenditures	(136)	(77)
Proceeds from Sale of Express Common Stock	—	99
Other Investing Activities	12	—
Net Cash Provided by (Used for) Investing Activities	(124)	22
Financing Activities:		
Proceeds from Long-term Debt, Net of Issuance Costs	985	981
Repurchase of Common Stock	(376)	(556)
Dividends Paid	(73)	(64)
Excess Tax Benefits from Share-based Compensation	87	19
Proceeds from Exercise of Stock Options and Other	33	40
Net Cash Provided by Financing Activities	656	420
Effects of Exchange Rate Changes on Cash	2	3
Net Increase in Cash and Cash Equivalents	351	427
Cash and Cash Equivalents, Beginning of Period	935	1,130
Cash and Cash Equivalents, End of Period	<u>\$ 1,286</u>	<u>\$ 1,557</u>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

LIMITED BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business and Basis of Presentation

Description of Business

Limited Brands, Inc. (“the Company”) operates in the highly competitive specialty retail business. The Company is a specialty retailer of women’s intimate and other apparel, beauty and personal care products and accessories. The Company sells its merchandise through company-owned specialty retail stores in the United States (“U.S.”) and Canada, which are primarily mall-based, and through its websites, catalogue and other channels. The Company’s international operations outside of Canada are primarily through franchise, license and wholesale partners. The Company currently operates the following retail brands:

- Victoria’s Secret
- Victoria’s Secret Pink
- Bath & Body Works
- La Senza
- Henri Bendel

Fiscal Year

The Company’s fiscal year ends on the Saturday nearest to January 31. As used herein, “first quarter of 2012” and “first quarter of 2011” refer to the thirteen week periods ending April 28, 2012 and April 30, 2011, respectively.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company accounts for investments in unconsolidated entities where it exercises significant influence, but does not have control, using the equity method. Under the equity method of accounting, the Company recognizes its share of the investee net income or loss. Losses are only recognized to the extent the Company has positive carrying value related to the investee. Carrying values are only reduced below zero if the Company has an obligation to provide funding to the investee. The Company’s share of net income or loss of unconsolidated entities from which the Company purchases merchandise or merchandise components is included in Costs of Goods Sold, Buying and Occupancy on the Consolidated Statements of Income. The Company’s share of net income or loss of all other unconsolidated entities is included in Other Income on the Consolidated Statements of Income. The Company’s equity investments are required to be tested for impairment when it is determined there may be an other than temporary loss in value.

Third-party Apparel Sourcing Business

On October 31, 2011, the Company divested 51% of its ownership interest in its third-party apparel sourcing business to affiliates of Sycamore Partners. The Company is accounting for its continuing investment under the equity method of accounting. For additional information, see Note 8, “Equity Investments and Other.”

Express

In April 2011, the Company sold a portion of its remaining shares of common stock in Express in an Express secondary offering, which reduced the Company’s ownership in Express to 8%. A gain was recognized upon the disposition of the shares. In April 2011, the Company also formally renounced its rights to its Express Board of Directors’ seat. As a result, the Company changed its accounting for its investment in Express from the cost method to the available-for-sale method of accounting in the first quarter of 2011.

In July 2011, the Company contributed all of its remaining shares of common stock in Express to The Limited Brands Foundation. For additional information, see Note 8, “Equity Investments and Other.”

Interim Financial Statements

The Consolidated Financial Statements as of and for the quarter ended April 28, 2012 and April 30, 2011 are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). These Consolidated

Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in the Company's 2011 Annual Report on Form 10-K.

In the opinion of management, the accompanying Consolidated Financial Statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods.

Seasonality of Business

Due to seasonal variations in the retail industry, the results of operations for any interim period are not necessarily indicative of the results expected for the full fiscal year.

Concentration of Credit Risk

The Company maintains cash and cash equivalents and derivative contracts with various major financial institutions. The Company monitors the relative credit standing of financial institutions with whom the Company transacts and limits the amount of credit exposure with any one entity. Currently, the Company's investment portfolio is comprised of U.S. and Canadian government obligations, U.S. Treasury and AAA-rated money market funds, bank time deposits and highly rated commercial paper.

The Company also monitors the relative credit standing of franchise, license and wholesale partners and other entities to which the Company grants credit terms in the normal course of business.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates and the Company revises its estimates and assumptions as new information becomes available.

2. New Accounting Pronouncements

Fair Value

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) - Fair Value Measurement* (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. ASU 2011-04 was effective for the Company in the first quarter of 2012. The measurement provisions of this ASU did not impact the Company's consolidated results of operations, financial position or cash flows and all necessary disclosures in this Form 10-Q comply with this standard.

Goodwill

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*, which gives companies testing goodwill for impairment the option of performing a qualitative assessment before calculating the fair value of a reporting unit in step one of the goodwill impairment test. If companies determine, based on qualitative factors, that the fair value of a reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. Otherwise, further testing would not be needed. The Company adopted this guidance in the first quarter of 2012. The application of ASU 2011-08 did not have an impact on the Company's consolidated results of operations, financial position or cash flows.

3. Earnings Per Share and Shareholders' Equity

Earnings Per Share

Earnings per basic share are computed based on the weighted-average number of outstanding common shares. Earnings per diluted share include the weighted-average effect of dilutive options and restricted stock on the weighted-average shares outstanding.

The following table provides shares utilized for the calculation of basic and diluted earnings per share for the first quarter of 2012 and 2011:

	First Quarter	
	2012	2011
	(in millions)	
Weighted-average Common Shares:		
Issued Shares	299	330
Treasury Shares	(7)	(13)
Basic Shares	292	317
Effect of Dilutive Options and Restricted Stock	9	11
Diluted Shares	301	328
Anti-dilutive Options and Awards (a)	1	2

- (a) These options and awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

Shareholders' Equity

Common Stock Repurchases

Under the authority of the Company's Board of Directors, the Company repurchased shares of its common stock under the following repurchase programs during the first quarter of 2012 and 2011:

Repurchase Program	Amount Authorized (in millions)	Shares Repurchased		Amount Repurchased		Average Stock Price of Shares Repurchased within Program
		2012	2011	2012	2011	
		(in thousands)		(in millions)		
February 2012 (a)	\$ 500	4,594	NA	\$ 217	NA	\$ 47.13
November 2011	250	3,657	NA	164	NA	44.90
March 2011	500	NA	13,241	NA	\$ 481	36.33
November 2010 (b)	200	NA	3,431	NA	109	31.65
Total		8,251	16,672	\$ 381	\$ 590	

- (a) The February 2012 repurchase program had \$283 million remaining as of April 28, 2012.
(b) The November 2010 repurchase program had \$31 million remaining at the time it was cancelled in conjunction with the approval of the March 2011 repurchase program.
NA Not applicable

For the February 2012 repurchase program, \$9 million of share repurchases were reflected in Accounts Payable on the April 28, 2012 Consolidated Balance Sheet and were settled in May 2012.

Subsequent to April 28, 2012, the Company repurchased an additional 1.2 million shares of common stock for \$59 million under the February 2012 repurchase program.

Dividends

Under the authority and declaration of the Board of Directors, the Company paid the following dividends during the first quarter of 2012 and 2011:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2012				
First Quarter	\$ 0.25	\$ —	\$ 0.25	\$ 73
2011				
First Quarter	\$ 0.20	\$ —	\$ 0.20	\$ 64

4. Restructuring Activities

During the fourth quarter of 2011, the Company initiated a restructuring program designed to resize a portion of La Senza's store fleet and relocate its home office from Montreal, Canada to Columbus, Ohio. The Company recognized a pre-tax charge consisting of contract termination costs, severance and other costs of \$24 million, including non-cash charges of \$5 million, in the fourth quarter of 2011. The Company anticipates that the majority of costs incurred related to this restructuring program will be paid out in 2012. During the first quarter of 2012, the Company made cash payments of \$2 million related to this restructuring program. The remaining balance of \$17 million is included in Accrued Expenses and Other on the Consolidated Balance Sheet as of April 28, 2012.

5. Inventories

The following table provides details of inventories as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
Finished Goods Merchandise	\$ 1,029	\$ 926	\$ 1,000
Raw Materials and Merchandise Components	71	71	75
Total Inventories	\$ 1,100	\$ 997	\$ 1,075

Inventories are principally valued at the lower of cost, as determined by the weighted-average cost method, or market.

6. Property and Equipment, Net

The following table provides details of property and equipment, net as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
Property and Equipment, at Cost	\$ 4,470	\$ 4,387	\$ 4,225
Accumulated Depreciation and Amortization	(2,781)	(2,743)	(2,627)
Property and Equipment, Net	\$ 1,689	\$ 1,644	\$ 1,598

Depreciation expense was \$94 million and \$97 million for the first quarter of 2012 and 2011, respectively.

7. Goodwill, Trade Names and Other Intangible Assets, Net

Goodwill

The following table provides the rollforward of goodwill for the first quarter 2012:

	Victoria's Secret	Bath & Body Works	Other (a)	Total
	(in millions)			
Balance as of January 28, 2012	\$ 690	\$ 628	\$ 12	\$ 1,330
Foreign Currency Translation	—	—	—	—
Balance as of April 28, 2012	\$ 690	\$ 628	\$ 12	\$ 1,330

- (a) Balance is presented net of a \$189 million and \$119 million La Senza impairment recognized in the fourth quarter of 2008 and the fourth quarter of 2011, respectively.

The following table provides the rollforward of goodwill for the first quarter 2011:

	Victoria's Secret	Bath & Body Works	Other (a)	Total
	(in millions)			
Balance as of January 29, 2011	\$ 690	\$ 628	\$ 133	\$ 1,451
Foreign Currency Translation	—	—	7	7
Balance as of April 30, 2011	<u>\$ 690</u>	<u>\$ 628</u>	<u>\$ 140</u>	<u>\$ 1,458</u>

(a) Balance is presented net of a \$189 million La Senza impairment recognized in the fourth quarter of 2008.

Intangible Assets – Indefinite Lives

Intangible assets with indefinite lives represent the Victoria's Secret, Bath & Body Works and La Senza trade names. These assets totaled \$486 million as of April 28, 2012 and January 28, 2012 and \$586 million as of April 30, 2011 and are included in Trade Names and Other Intangible Assets, Net on the Consolidated Balance Sheets.

Intangible Assets – Finite Lives

Intangible assets with finite lives represent certain trademarks and customer relationships. These assets totaled \$9 million as of April 28, 2012 and January 28, 2012 and \$15 million as of April 30, 2011 and are included in Trade Names and Other Intangible Assets, Net on the Consolidated Balance Sheets. Amortization expense was \$1 million for both the first quarter of 2012 and 2011. Estimated future annual amortization expense will be approximately \$2 million for the remainder of 2012, \$3 million in 2013 and \$2 million in both 2014 and 2015.

8. Equity Investments and Other

Third-party Apparel Sourcing Business

On October 31, 2011, the Company divested 51% of its ownership interest in its third-party apparel sourcing business to affiliates of Sycamore Partners for pre-tax cash proceeds of \$124 million. The Company's remaining 49% ownership interest is accounted for under the equity method of accounting. The Company recorded a pre-tax gain on the divestiture of \$111 million in the fourth quarter of 2011. In the first quarter of 2012, the Company received additional pre-tax cash proceeds of \$11 million as settlement of a working capital adjustment. The proceeds are included in Other Investing Activities within the Investing Activities section of the 2012 Consolidated Statement of Cash Flows.

In conjunction with the transaction, the Company entered into transition services agreements whereby the Company is providing support in various operational areas including logistics, technology and finance. The terms of these transition services arrangements vary and range from two months to three years.

The Company's carrying value for this investment was \$69 million as of April 28, 2012 and \$72 million as of January 28, 2012 and is included in Other Assets on the April 28, 2012 and January 28, 2012 Consolidated Balance Sheets. The Company's share of net income (loss) from this investment is included in Other Income (Loss) on the 2012 Consolidated Statements of Income.

Express

On April 12, 2011, the Company sold 5.5 million shares of its common stock in Express for \$99 million. As a result, the Company's ownership interest was reduced to 8% and the Company recognized a pre-tax gain of \$86 million, which is included in Other Income on the 2011 Consolidated Statement of Income. On April 21, 2011, the Company formally renounced its rights to its Express Board of Directors' seat. As a result, the Company commenced accounting for its investment in Express using the available-for-sale method of accounting in the first quarter of 2011.

In July 2011, the Company contributed all of its remaining 7.2 million shares of Express, valued at \$163 million, to The Limited Brands Foundation. This charitable contribution funded the Company's April 2011 \$50 million pledge to The Limited Brands Foundation and provided additional funding for their charitable activities. As a result, the Company recognized contribution expense in the second quarter of 2011 of \$113 million equal to the difference between the market value of the Express shares on the date of the contribution and the amount of the pledge made in the first quarter of 2011. The Company also recognized a non-taxable gain of \$147 million representing the difference between the market value of the Express shares on the date of the contribution and the Company's net carrying value.

The Company's investment carrying value under the available-for-sale method of accounting was \$156 million as of April 30, 2011 and is included in Other Current Assets on the April 30, 2011 Consolidated Balance Sheet. The unrealized gain recognized under the available-for-sale method of accounting of \$140 million is included in Accumulated Other Comprehensive Income on the April 30, 2011 Consolidated Balance Sheet.

The Company maintains agreements with Express whereby the Company continues to provide logistics services and lease office space. The Company's third-party apparel sourcing business, which the Company divested in the fourth quarter of 2011, also continues to provide merchandise sourcing services to Express. The Company recognized merchandise sourcing revenue from Express of \$84 million in the first quarter of 2011. The Company's accounts receivable from Express for merchandise sourcing and other services provided totaled \$62 million as of April 30, 2011.

Easton Investment

The Company has land and other investments in Easton, a 1,300 acre planned community in Columbus, Ohio that integrates office, hotel, retail, residential and recreational space. These investments, at cost, totaled \$71 million as of April 28, 2012 and \$70 million as of January 28, 2012 and April 30, 2011 and are recorded in Other Assets on the Consolidated Balance Sheets.

Included in the Company's Easton investments is an equity interest in Easton Town Center, LLC ("ETC"), an entity that owns and has developed a commercial entertainment and shopping center. The Company's investment in ETC is accounted for using the equity method of accounting. The Company has a majority financial interest in ETC, but another unaffiliated member manages ETC. Certain significant decisions regarding ETC require the consent of unaffiliated members in addition to the Company.

9. Income Taxes

The provision for income taxes is based on the current estimate of the annual effective tax rate and is adjusted as necessary for quarterly events. The Company's quarterly effective tax rate does not reflect a benefit associated with losses related to certain foreign subsidiaries.

For the first quarter of 2012, the Company's effective tax rate was 41.6% as compared to 33.6% in the first quarter of 2011. The first quarter 2012 rate was higher than the Company's combined estimated federal and state rate of 39.0% primarily due to losses related to certain foreign subsidiaries.

Income taxes paid were approximately \$188 million and \$215 million for the first quarter of 2012 and 2011, respectively.

10. Long-term Debt

The following table provides the Company's long-term debt balance as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
Senior Unsecured Debt with Subsidiary Guarantee			
\$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 (“2022 Notes”)	\$ 1,000	\$ —	\$ —
\$1 billion, 6.625% Fixed Interest Rate Notes due April 2021 (“2021 Notes”)	1,000	1,000	1,000
\$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount (“2019 Notes”)	488	488	487
\$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	400	400	400
Total Senior Unsecured Debt with Subsidiary Guarantee	\$ 2,888	\$ 1,888	\$ 1,887
Senior Unsecured Debt			
\$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount (“2017 Notes”)(a)	\$ 723	\$ 724	\$ 700
\$350 million, 6.95% Fixed Interest Rate Debentures due March 2033, Less Unamortized Discount (“2033 Notes”)	350	350	350
\$300 million, 7.60% Fixed Interest Rate Notes due July 2037, Less Unamortized Discount (“2037 Notes”)	299	299	299
5.25% Fixed Interest Rate Notes due November 2014, Less Unamortized Discount (“2014 Notes”)(b)	220	220	216
6.125% Fixed Interest Rate Notes due December 2012, Less Unamortized Discount (“2012 Notes”)(c)	57	57	58
Total Senior Unsecured Debt	\$ 1,649	\$ 1,650	\$ 1,623
Total	\$ 4,537	\$ 3,538	\$ 3,510
Current Portion of Long-term Debt	(57)	(57)	—
Total Long-term Debt, Net of Current Portion	\$ 4,480	\$ 3,481	\$ 3,510

- (a) The balances include a fair value interest rate hedge adjustment which increased the debt balance by \$24 million as of April 28, 2012, \$25 million as of January 28, 2012 and \$1 million as of April 30, 2011.
- (b) The principal balance outstanding was \$213 million as of April 28, 2012, January 28, 2012 and April 30, 2011. The balances include a fair value interest rate hedge adjustment which increased the debt balance by \$7 million as of April 28, 2012 and January 28, 2012 and \$3 million as of April 30, 2011.
- (c) The principal balance outstanding was \$57 million as of April 28, 2012, January 28, 2012 and April 30, 2011. The April 30, 2011 balance includes a fair value interest rate hedge adjustment which increased the debt balance by \$1 million.

Issuance of Notes

In February 2012, the Company issued \$1 billion of 5.625% notes due in February 2022 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2022 Notes are jointly and severally guaranteed on a full and unconditional basis by certain of the Company's 100% owned subsidiaries (such subsidiaries, the "Guarantors"). The proceeds from the issuance were \$985 million, which were net of transaction costs of \$15 million. These transaction costs are being amortized through the maturity date of February 2022 and are included within Other Assets on the April 28, 2012 Consolidated Balance Sheet.

In March 2011, the Company issued \$1 billion of 6.625% notes due in April 2021 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2021 Notes are jointly and severally guaranteed on a full and unconditional basis by the Guarantors. The proceeds from the issuance were \$981 million, which were net of transaction costs of \$19 million. These transaction costs are being amortized through the maturity date of April 2021 and are included within Other Assets on the Consolidated Balance Sheets.

Revolving Facility

On July 15, 2011, the Company entered into an amendment and restatement (“Amendment”) of its secured revolving credit facility (“Revolving Facility”). The Amendment increased the aggregate amount of the commitments of the lenders under the Revolving Facility from \$800 million to \$1 billion and extended the termination date from August 1, 2014 to July 15, 2016. In addition, the Amendment reduced fees payable under the Revolving Facility which are based on the Company’s long-term credit ratings. The fees related to committed and unutilized amounts per year were reduced from 0.50% to 0.325% per annum and the fees related to outstanding letters of credit were reduced from 3.00% to 1.75% per annum. In addition, the interest rate on outstanding borrowings was reduced from the London Interbank Offered Rate (“LIBOR”) plus 3.00% to LIBOR plus 1.75%.

The Company incurred fees related to the Amendment of the Revolving Facility of \$7 million, which were capitalized and are being amortized over the remaining term of the Revolving Facility.

The Revolving Facility contains fixed charge coverage and debt to EBITDA financial covenants. The Company is required to maintain a fixed charge coverage ratio of not less than 1.75 to 1.00 and a consolidated debt to consolidated EBITDA ratio not exceeding 4.00 to 1.00 for the most recent four-quarter period. In addition, the Revolving Facility provides that investments and restricted payments may be made, without limitation on amount, if (a) at the time of and after giving effect to such investment or restricted payment the ratio of consolidated debt to consolidated EBITDA for the most recent four-quarter period is less than 3.00 to 1.00 and (b) no default or event of default exists. As of April 28, 2012, the Company was in compliance with both of its financial covenants and the ratio of consolidated debt to consolidated EBITDA was less than 3.00 to 1.00.

As of April 28, 2012, there were no borrowings outstanding under the Revolving Facility.

Letters of Credit

The Revolving Facility supports the Company’s letter of credit program. The Company had \$9 million of outstanding letters of credit as of April 28, 2012 that reduce its remaining availability under its amended credit agreements.

Fair Value Interest Rate Swap Arrangements

For information related to the Company’s fair value interest rate swap arrangements, see Note 11, “Derivative Instruments.”

11. Derivative Instruments

Foreign Exchange Risk

In January 2007, the Company entered into a series of cross-currency swaps related to approximately \$470 million of Canadian dollar denominated intercompany loans. These cross-currency swaps mitigate the exposure to fluctuations in the U.S. dollar-Canadian dollar exchange rate related to the Company’s La Senza operations. The cross-currency swaps require the periodic exchange of fixed rate Canadian dollar interest payments for fixed rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S. dollar principal payments upon maturity. The cross-currency swaps mature between 2015 and 2018 at the same time as the related loans and are designated as cash flow hedges of foreign currency exchange risk. Changes in the U.S. dollar-Canadian dollar exchange rate and the related swap settlements result in reclassification of amounts from accumulated other comprehensive income (loss) to earnings to completely offset foreign currency transaction gains and losses recognized on the intercompany loans.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as foreign exchange cash flow hedges as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
		(in millions)	
Other Long-term Liabilities	\$ 63	\$ 60	\$ 85

The following table provides a summary of the pre-tax financial statement effect of the gains and losses on the Company's derivative instruments designated as foreign exchange cash flow hedges for the first quarter 2012 and 2011:

		First Quarter	
	Location	2012	2011
		(in millions)	
Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss)	\$ (3)	\$ (28)
(Gain) Loss Reclassified from Accumulated Other Comprehensive Income into Other Income (Loss) (a)	Other Income (Loss)	12	28

- (a) Represents reclassification of amounts from accumulated other comprehensive income to earnings to completely offset foreign currency transaction gains and losses recognized on the intercompany loans. No ineffectiveness was associated with these foreign exchange cash flow hedges.

Interest Rate Risk

Interest Rate Designated Fair Value Hedges

The Company has the following interest rate swap arrangements related to certain outstanding debt:

	Notional Amount		
	April 28, 2012	January 28, 2012	April 30, 2011
(in millions)			
2012 Notes	\$ —	\$ —	\$ 57
2014 Notes	—	—	213
2017 Notes	175	175	325
Total	\$ 175	\$ 175	\$ 595

The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on LIBOR plus a fixed interest rate.

The swap arrangements are designated as fair value hedges. The changes in the fair value of the interest rate swaps have an equal and offsetting impact to the carrying value of the debt on the balance sheet. The differential to be paid or received on the interest rate swap arrangements is accrued and recognized as an adjustment to interest expense.

In July 2011, the Company terminated interest rate designated fair value hedges related to the 2012 Notes with a notional amount of \$57 million. In settlement of these hedges, the Company received \$1 million. In August 2011, the Company terminated interest rate designated fair value hedges related to the 2014 Notes with a notional amount of \$213 million. In settlement of these hedges, the Company received \$9 million. In September 2011, the Company terminated interest rate designated fair value hedges related to the 2017 Notes with a notional amount of \$150 million. In settlement of these hedges, the Company received \$12 million. The carrying values of the respective Notes include the settlement amounts received upon termination of the hedges. The settlement amounts are amortized as a reduction to interest expense through the maturity date of the respective Notes.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as interest rate fair value hedges as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
Other Assets	\$ 13	\$ 14	\$ 5

12. Fair Value Measurements

The following table provides a summary of the carrying value and fair value of long-term debt as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
Carrying Value	\$ 4,537	\$ 3,538	\$ 3,510
Fair Value (a)	4,836	3,849	3,721

- (a) The estimated fair value of the Company's publicly traded debt is based on reported transaction prices which are considered Level 2 inputs in accordance with ASC Topic 820, *Fair Value Measurements and Disclosure*. The estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The authoritative guidance included in ASC Topic 820, establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted market prices included in Level 1, such as quoted prices of similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table provides a summary of assets and liabilities measured in the consolidated financial statements at fair value on a recurring basis as of April 28, 2012, January 28, 2012 and April 30, 2011:

	Level 1	Level 2	Level 3	Total
	(in millions)			
As of April 28, 2012				
Assets:				
Cash and Cash Equivalents	\$ 1,286	\$ —	\$ —	\$ 1,286
Interest Rate Designated Fair Value Hedges	—	13	—	13
Liabilities:				
Cross-currency Cash Flow Hedges	—	63	—	63
Lease Guarantees	—	—	4	4
As of January 28, 2012				
Assets:				
Cash and Cash Equivalents	\$ 935	\$ —	\$ —	\$ 935
Interest Rate Designated Fair Value Hedges	—	14	—	14
Liabilities:				
Cross-currency Cash Flow Hedges	—	60	—	60
Lease Guarantees	—	—	4	4
As of April 30, 2011				
Assets:				
Cash and Cash Equivalents	\$ 1,557	\$ —	\$ —	\$ 1,557
Available-for-sale Investment	156	—	—	156
Interest Rate Designated Fair Value Hedges	—	5	—	5
Liabilities:				
Cross-currency Cash Flow Hedges	—	85	—	85
Lease Guarantees	—	—	6	6

The Company's Level 2 fair value measurements are measured using market approach valuation techniques. The primary inputs to these techniques include benchmark interest rates and foreign currency exchange rates, as applicable to the underlying instruments.

The Company's Level 3 fair value measurements are measured using income approach valuation techniques. The primary inputs to these techniques include the guaranteed lease payments, discount rates, as well as the Company's assessment of the risk of default on guaranteed leases.

Management believes that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

The following table provides a reconciliation of the Company's lease guarantees measured at fair value on a recurring basis using unobservable inputs (Level 3) for the first quarter 2012 and 2011:

	First Quarter	
	2012	2011
	(in millions)	
Beginning Balance	\$ 4	\$ 6
Change in Estimated Fair Value Reported in Earnings	—	—
Ending Balance	\$ 4	\$ 6

The Company's lease guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of certain businesses. The fair value of these lease guarantees is impacted by economic conditions, probability of rent obligation payments, period of obligation as well as the discount rate utilized. For additional information, see Note 14, "Commitments and Contingencies."

13. Comprehensive Income

The following table provides the rollforward of additional detail regarding the composition of accumulated other comprehensive income for the first quarter 2012:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
	(in millions)		
Balance as of January 28, 2012	\$ (8)	\$ 8	\$ —
Current-period Other Comprehensive Income	(4)	9	5
Balance as of April 28, 2012	<u>\$ (12)</u>	<u>\$ 17</u>	<u>\$ 5</u>

The following table provides the rollforward of additional detail regarding the composition of accumulated other comprehensive income for the first quarter 2011:

	Foreign Currency Translation	Cash Flow Hedges	Available- for-sale Investment	Accumulated Other Comprehensive Income
	(in millions)			
Balance as of January 29, 2011	\$ (7)	\$ 8	\$ —	\$ 1
Current-period Other Comprehensive Income	(2)	1	89	88
Balance as of April 30, 2011	<u>\$ (9)</u>	<u>\$ 9</u>	<u>\$ 89</u>	<u>\$ 89</u>

The components of accumulated other comprehensive income above are presented net of tax as applicable.

14. Commitments and Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes, insurance, regulatory and other matters arising out of the normal course of business. Actions filed against the Company from time to time include commercial, tort, intellectual property, customer, employment, data privacy, securities and other claims, including purported class action lawsuits. Management believes that the ultimate liability arising from such claims and contingencies, if any, is not likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

In July 2009, a complaint was filed against the Company for patent infringement in the United States District Court for the Eastern District of Texas. The complaint sought monetary damages, costs, attorneys' fees, and injunctive relief. A jury found in favor of the plaintiff and awarded damages of \$9 million for infringement from 2007 through 2011. The Company is unable to estimate the range of possible losses related to future infringement through the patents' expiration in 2015. The Company intends to ask the trial judge to reverse or amend the jury's award. The Company also intends to appeal any adverse judgment and to vigorously defend against this action.

In April 2011, the Company made a pledge of \$50 million to The Limited Brands Foundation in order to fund the Company's charitable activities on a multi-year basis. This commitment is included in Accrued Expenses and Other on the April 30, 2011 Consolidated Balance Sheet and the related expense is included in General, Administrative and Store Operating Expenses on the 2011 Consolidated Statement of Income.

Guarantees

In connection with the disposition of certain businesses, the Company has remaining guarantees of approximately \$71 million related to lease payments of Express, Limited Stores, Abercrombie & Fitch, Dick's Sporting Goods and New York & Company under the current terms of noncancelable leases expiring at various dates through 2017. These guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of the businesses. In certain instances, the Company's guarantee may remain in effect if the term of a lease is extended.

The Company's guarantees related to Express, Limited Stores and New York & Company require fair value accounting in accordance with generally accepted accounting principles ("GAAP") in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New York & Company totaled \$45 million as of April 28, 2012, \$49 million as of January 28, 2012 and \$62 million as of April 30, 2011. The estimated fair value of these guarantee obligations was

\$4 million as of April 28, 2012 and January 28, 2012 and \$6 million as of April 30, 2011, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company's guarantees related to Abercrombie & Fitch and Dick's Sporting Goods are not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on GAAP in effect at the time of these divestitures. The Company had no liability recorded with respect to any of the guarantee obligations as it concluded that payments under these guarantees were not probable as of April 28, 2012, January 28, 2012 and April 30, 2011.

15. Retirement Benefits

The Company sponsors a tax-qualified defined contribution retirement plan and a non-qualified supplemental retirement plan for substantially all of its associates within the United States of America. Participation in the tax-qualified plan is available to associates who meet certain age and service requirements. Participation in the non-qualified plan is available to associates who meet certain age, service, job level and compensation requirements.

The qualified plan permits participating associates to elect contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associate contributions and Company matching contributions vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service. Total expense recognized related to the qualified plan was \$14 million for the first quarter of 2012 and 2011.

The non-qualified plan is an unfunded plan which provides benefits beyond the Internal Revenue Code limits for qualified defined contribution plans. The plan permits participating associates to elect contributions up to a maximum percentage of eligible compensation. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible compensation and years of service. The plan also permits participating associates to defer additional compensation up to a maximum amount which the Company does not match. Associates' accounts are credited with interest using a rate determined by the Company. Associate contributions and the related interest vest immediately. Company contributions, along with related interest, are subject to vesting based on years of service. Associates may elect in-service distributions for the unmatched additional deferred compensation component only. The remaining vested portion of associates' accounts in the plan will be distributed upon termination of employment in either a lump sum or in annual installments over a specified period of up to 10 years. Total expense recognized related to the non-qualified plan was \$6 million for the first quarter of 2012 and 2011.

16. Segment Information

The Company has two reportable segments: Victoria's Secret and Bath & Body Works. Prior to the fourth quarter of 2011, the Victoria's Secret reportable segment consisted of the Victoria's Secret and La Senza operating segments which were aggregated in accordance with the authoritative guidance included in ASC Topic 280, *Segment Reporting*. In the fourth quarter of 2011, the Company ceased aggregating La Senza with Victoria's Secret. While this reporting change did not impact the Company's consolidated results, segment data for previous years has been recast to be consistent with the current year presentation throughout the financial statements and the accompanying notes.

The Victoria's Secret segment sells women's intimate and other apparel, personal care and beauty products under the Victoria's Secret and Victoria's Secret Pink brand names. Victoria's Secret merchandise is sold through retail stores, its website, www.VictoriasSecret.com, and its catalogue.

The Bath & Body Works segment sells personal care, beauty and home fragrance products under the Bath & Body Works, C.O. Bigelow, White Barn Candle Company and other brand names. Bath & Body Works merchandise is sold at retail stores and through its website, www.BathandBodyWorks.com.

Other consists of the following:

- Mast Global, a merchandise sourcing and production function serving the Company and its international partners;
- International retail, franchise, license and wholesale operations, which include the company-owned La Senza, Bath & Body Works and Victoria's Secret stores in Canada;
- Henri Bendel, a chain of specialty stores which feature accessories and personal care products; and
- Corporate functions including non-core real estate, equity investments and other governance functions such as treasury and tax.

The following table provides the Company's segment information for the first quarter 2012 and 2011. As discussed above, certain reclassifications have been made to amounts for prior periods to conform to the current year's presentation.

	Victoria's Secret	Bath & Body Works	Other	Total
	(in millions)			
2012				
First Quarter:				
Net Sales	\$ 1,470	\$ 505	\$ 179	\$ 2,154
Operating Income (Loss)	278	60	(45)	293
2011				
First Quarter:				
Net Sales	\$ 1,356	\$ 480	\$ 381	\$ 2,217
Operating Income (Loss)	245	54	(82)	217

In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business, which was included in Other in the table above. For additional information, see Note 8 "Equity Investments and Other."

The Company's international sales, consisting of La Senza, Victoria's Secret Canada and Bath & Body Works Canada retail sales; non-U.S. franchise, license and wholesale operations; and direct sales shipped internationally, totaled \$196 million and \$190 million for the first quarter of 2012 and 2011, respectively.

17. Subsequent Events

Subsequent to April 28, 2012, the Company repurchased an additional 1.2 million shares of common stock for \$59 million under the February 2012 repurchase program.

18. Supplemental Guarantor Financial Information

The Company's 2019 Notes, 2020 Notes, 2021 Notes and 2022 Notes are jointly and severally guaranteed on a full and unconditional basis by certain of the Company's 100% owned subsidiaries. The Company is a holding company and its most significant assets are the stock of its subsidiaries. The Guarantors represent: (a) substantially all of the sales of the Company's domestic subsidiaries, (b) more than 90% of the assets owned by the Company's domestic subsidiaries, other than real property, certain other assets and intercompany investments and balances and (c) more than 95% of the accounts receivable and inventory directly owned by the Company's domestic subsidiaries.

The following supplemental financial information sets forth for the Company and its guarantor and non-guarantor subsidiaries: the Condensed Consolidating Balance Sheets as of April 28, 2012, January 28, 2012 and April 30, 2011; and the Condensed Consolidating Statements of Income, Comprehensive Income and Cash Flows for the periods ended April 28, 2012 and April 30, 2011.

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
(in millions)
(Unaudited)

	April 28, 2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ —	\$ 736	\$ 550	\$ —	\$ 1,286
Accounts Receivable, Net	1	95	62	—	158
Inventories	—	911	189	—	1,100
Deferred Income Taxes	—	33	17	—	50
Other	—	137	85	—	222
Total Current Assets	1	1,912	903	—	2,816
Property and Equipment, Net	—	917	772	—	1,689
Goodwill	—	1,318	12	—	1,330
Trade Names and Other Intangible Assets, Net	—	410	85	—	495
Net Investments in and Advances to/from Consolidated Affiliates	4,278	13,641	544	(18,463)	—
Other Assets	211	43	680	(648)	286
Total Assets	<u>\$ 4,490</u>	<u>\$ 18,241</u>	<u>\$ 2,996</u>	<u>\$ (19,111)</u>	<u>\$ 6,616</u>
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	\$ 9	\$ 307	\$ 220	\$ —	\$ 536
Accrued Expenses and Other	80	343	268	—	691
Current Portion of Long-term Debt	57	—	—	—	57
Income Taxes	—	—	6	—	6
Total Current Liabilities	146	650	494	—	1,290
Deferred Income Taxes	(6)	16	181	—	191
Long-term Debt	4,480	597	36	(633)	4,480
Other Long-term Liabilities	6	582	212	(14)	786
Total Equity (Deficit)	(136)	16,396	2,073	(18,464)	(131)
Total Liabilities and Equity (Deficit)	<u>\$ 4,490</u>	<u>\$ 18,241</u>	<u>\$ 2,996</u>	<u>\$ (19,111)</u>	<u>\$ 6,616</u>

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
(in millions)

	January 28, 2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ —	\$ 371	\$ 564	\$ —	\$ 935
Accounts Receivable, Net	—	142	76	—	218
Inventories	—	822	175	—	997
Deferred Income Taxes	—	33	18	—	51
Other	—	109	58	—	167
Total Current Assets	—	1,477	891	—	2,368
Property and Equipment, Net	—	911	733	—	1,644
Goodwill	—	1,318	12	—	1,330
Trade Names and Other Intangible Assets, Net	—	410	85	—	495
Net Investments in and Advances to/ from Consolidated Affiliates	3,531	13,928	518	(17,977)	—
Other Assets	199	43	677	(648)	271
Total Assets	<u>\$ 3,730</u>	<u>\$ 18,087</u>	<u>\$ 2,916</u>	<u>\$ (18,625)</u>	<u>\$ 6,108</u>
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	\$ 4	\$ 312	\$ 224	\$ —	\$ 540
Accrued Expenses and Other	51	412	307	—	770
Current Portion of Long-term Debt	57	—	—	—	57
Income Taxes	1	150	8	—	159
Total Current Liabilities	113	874	539	—	1,526
Deferred Income Taxes	(6)	10	179	—	183
Long-term Debt	3,481	597	36	(633)	3,481
Other Long-term Liabilities	6	582	207	(15)	780
Total Equity	136	16,024	1,955	(17,977)	138
Total Liabilities and Equity	<u>\$ 3,730</u>	<u>\$ 18,087</u>	<u>\$ 2,916</u>	<u>\$ (18,625)</u>	<u>\$ 6,108</u>

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
(in millions)
(Unaudited)

	April 30, 2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ —	\$ 1,126	\$ 431	\$ —	\$ 1,557
Accounts Receivable, Net	5	165	35	—	205
Inventories	—	867	208	—	1,075
Deferred Income Taxes	—	—	—	—	—
Other	—	123	205	(1)	327
Total Current Assets	5	2,281	879	(1)	3,164
Property and Equipment, Net	—	916	682	—	1,598
Goodwill	—	1,318	140	—	1,458
Trade Names and Other Intangible Assets, Net	—	411	190	—	601
Net Investments in and Advances to/ from Consolidated Affiliates	4,548	17,639	5,005	(27,192)	—
Other Assets	193	45	603	(647)	194
Total Assets	<u>\$ 4,746</u>	<u>\$ 22,610</u>	<u>\$ 7,499</u>	<u>\$ (27,840)</u>	<u>\$ 7,015</u>
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	\$ 35	\$ 336	\$ 269	\$ —	\$ 640
Accrued Expenses and Other	70	345	274	—	689
Income Taxes	(1)	41	20	—	60
Total Current Liabilities	104	722	563	—	1,389
Deferred Income Taxes	(6)	35	189	—	218
Long-term Debt	3,510	597	35	(632)	3,510
Other Long-term Liabilities	11	565	209	(14)	771
Total Equity	1,127	20,691	6,503	(27,194)	1,127
Total Liabilities and Equity	<u>\$ 4,746</u>	<u>\$ 22,610</u>	<u>\$ 7,499</u>	<u>\$ (27,840)</u>	<u>\$ 7,015</u>

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(in millions)
(Unaudited)

	First Quarter 2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	\$ —	\$ 1,994	\$ 629	\$ (469)	\$ 2,154
Costs of Goods Sold, Buying and Occupancy	—	(1,169)	(526)	443	(1,252)
Gross Profit	—	825	103	(26)	902
General, Administrative and Store Operating Expenses	(2)	(544)	(87)	24	(609)
Operating Income (Loss)	(2)	281	16	(2)	293
Interest Expense	(78)	(7)	(2)	9	(78)
Other Income (Expense)	1	2	(2)	(3)	(2)
Income (Loss) Before Income Taxes	(79)	276	12	4	213
Provision (Benefit) for Income Taxes	—	66	22	—	88
Equity in Earnings, Net of Tax	204	(70)	91	(225)	—
Net Income (Loss)	\$ 125	\$ 140	\$ 81	\$ (221)	\$ 125

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	First Quarter 2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Income	\$ 125	\$ 140	\$ 81	\$ (221)	\$ 125
Other Comprehensive Income (Loss), Net of Tax					
Reclassification of Cash Flow Hedges to Earnings	1	—	11	—	12
Foreign Currency Translation	—	—	(4)	—	(4)
Unrealized Loss on Cash Flow Hedges	—	—	(3)	—	(3)
Unrealized Gain on Available-for-sale Investment	—	—	—	—	—
Total Other Comprehensive Income (Loss), Net of Tax	1	—	4	—	5
Total Comprehensive Income	\$ 126	\$ 140	\$ 85	\$ (221)	\$ 130

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(in millions)
(Unaudited)

	First Quarter 2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	\$ —	\$ 2,061	\$ 725	\$ (569)	\$ 2,217
Costs of Goods Sold, Buying and Occupancy	—	(1,285)	(626)	536	(1,375)
Gross Profit	—	776	99	(33)	842
General, Administrative and Store Operating Expenses	(2)	(578)	(76)	31	(625)
Operating Income (Loss)	(2)	198	23	(2)	217
Interest Expense	(54)	(9)	(3)	11	(55)
Other Income (Expense)	—	4	85	(2)	87
Income (Loss) Before Income Taxes	(56)	193	105	7	249
Provision (Benefit) for Income Taxes	—	39	45	—	84
Equity in Earnings, Net of Tax	221	314	306	(841)	—
Net Income (Loss)	\$ 165	\$ 468	\$ 366	\$ (834)	\$ 165

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	First Quarter 2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Income	\$ 165	\$ 468	\$ 366	\$ (834)	\$ 165
Other Comprehensive Income (Loss), Net of Tax					
Reclassification of Cash Flow Hedges to Earnings	1	—	28	—	29
Foreign Currency Translation	—	—	(2)	—	(2)
Unrealized Loss on Cash Flow Hedges	—	—	(28)	—	(28)
Unrealized Gain on Available-for-sale Investment	—	—	89	—	89
Total Other Comprehensive Income (Loss), Net of Tax	1	—	87	—	88
Total Comprehensive Income	\$ 166	\$ 468	\$ 453	\$ (834)	\$ 253

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	First Quarter 2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	\$ (116)	\$ (84)	\$ 17	\$ —	\$ (183)
Investing Activities:					
Capital Expenditures	—	(66)	(70)	—	(136)
Proceeds from Sale of Express Common Stock	—	—	—	—	—
Other Investing Activities	—	8	4	—	12
Net Cash Provided by (Used for) Investing Activities	—	(58)	(66)	—	(124)
Financing Activities:					
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	985	—	—	—	985
Financing Costs	—	—	—	—	—
Repurchase of Common Stock	(376)	—	—	—	(376)
Dividends Paid	(73)	—	—	—	(73)
Excess Tax Benefits from Share-based Compensation	—	70	17	—	87
Net Financing Activities and Advances to/from Consolidated Affiliates	(453)	437	16	—	—
Proceeds from Exercise of Stock Options and Other	33	—	—	—	33
Net Cash Provided by (Used for) Financing Activities	116	507	33	—	656
Effects of Exchange Rate Changes on Cash and Cash Equivalents	—	—	2	—	2
Net Decrease in Cash and Cash Equivalents	—	365	(14)	—	351
Cash and Cash Equivalents, Beginning of Period	—	371	564	—	935
Cash and Cash Equivalents, End of Period	\$ —	\$ 736	\$ 550	\$ —	\$ 1,286

LIMITED BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	First Quarter 2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	\$ 1	\$ 29	\$ (48)	\$ —	\$ (18)
Investing Activities:					
Capital Expenditures	—	(40)	(37)	—	(77)
Proceeds from Sale of Express Common Stock	—	—	99	—	99
Net Cash Provided by (Used for) Investing Activities	—	(40)	62	—	22
Financing Activities:					
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	981	—	—	—	981
Repurchase of Common Stock	(556)	—	—	—	(556)
Dividends Paid	(64)	—	—	—	(64)
Excess Tax Benefits from Share-based Compensation	—	15	4	—	19
Net Financing Activities and Advances to/from Consolidated Affiliates	(402)	421	(19)	—	—
Proceeds from Exercise of Stock Options and Other	40	—	—	—	40
Net Cash Provided by (Used for) Financing Activities	(1)	436	(15)	—	420
Effects of Exchange Rate Changes on Cash and Cash Equivalents	—	—	3	—	3
Net Increase (Decrease) in Cash and Cash Equivalents	—	425	2	—	427
Cash and Cash Equivalents, Beginning of Period	—	701	429	—	1,130
Cash and Cash Equivalents, End of Period	\$ —	\$ 1,126	\$ 431	\$ —	\$ 1,557

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Limited Brands, Inc.:

We have reviewed the consolidated balance sheets of Limited Brands, Inc. and subsidiaries (the “Company”) as of April 28, 2012 and April 30, 2011, and the related consolidated statements of income, comprehensive income and cash flows for the thirteen week periods ended April 28, 2012 and April 30, 2011. These financial statements are the responsibility of the Company’s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Limited Brands, Inc. and subsidiaries as of January 28, 2012, and the related consolidated statements of income, comprehensive income, total equity, and cash flows for the year then ended (not presented herein), and in our report dated March 23, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 28, 2012, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Columbus, Ohio
June 1, 2012

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION ACT OF 1995

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Limited Brands, Inc. cautions any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this report or made by our company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “planned,” “potential” and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by our company or our management:

- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, health hazards, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- the dependence on a high volume of mall traffic and the possible lack of availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand into international markets and related risks;
- our independent licensees and franchisees;
- our direct channel business;
- our failure to protect our reputation and our brand images;
- our failure to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry generally and the segments in which we operate particularly;
- consumer acceptance of our products and our ability to keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our reliance on foreign sources of production, including risks related to:
 - political instability;
 - duties, taxes, other charges on imports;
 - legal and regulatory matters;
 - volatility in currency exchange rates;
 - local business practices and political issues;
 - potential delays or disruptions in shipping and related pricing impacts;
 - the disruption of imports by labor disputes; and
 - changing expectations regarding product safety due to new legislation;
- stock price volatility;
- our failure to maintain our credit rating;
- our ability to service our debt;
- our ability to retain key personnel;
- our ability to attract, develop and retain qualified employees and manage labor costs;
- the inability of our manufacturers to deliver products in a timely manner and meet quality standards;
- fluctuations in product input costs;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems;
- our failure to comply with regulatory requirements;
- tax matters; and
- legal and compliance matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this report to reflect circumstances existing after the date of this report or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in “Item 1A. Risk Factors” in our 2011 Annual Report on Form 10-K.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The following information should be read in conjunction with our financial statements and the related notes included in Item 1. Financial Statements.

Executive Overview

We had strong performance in the first quarter of 2012. Our operating income increased \$76 million to \$293 million and our operating income rate improved to 13.6% from 9.8%. Our 2011 operating income included a \$50 million expense associated with a pledge to our charitable foundation to fund our charitable activities on a multi-year basis. Comparable store sales increased 7%, and net sales were \$2.154 billion compared to \$2.217 billion last year. First quarter 2011 sales included \$214 million attributable to the third-party apparel sourcing business which was sold in November 2011. At Victoria's Secret, sales increased 8% and operating income increased 13%. At Bath & Body Works, sales increased 5% and operating income increased 11%. For additional information related to our first quarter 2012 financial performance, see "Results of Operations."

The global retail sector and our business continue to face an uncertain environment and, as a result, we continue to take a conservative stance in terms of the financial management of our business. We will continue to manage our business carefully and we will focus on the execution of the retail fundamentals.

At the same time, we are aggressively focusing on bringing compelling merchandise assortments, marketing and store and online experiences to our customers. We will look for, and capitalize on, those opportunities available to us in this uncertain environment. We believe that our brands, which lead their categories and offer high emotional content at accessible prices, are well positioned.

Store Data

The following table compares the first quarter of 2012 store data to the first quarter of 2011:

	2012	2011	% Change
<u>Sales per Average Selling Square Foot</u>			
Victoria's Secret Stores (a)	\$ 181	\$ 163	11 %
Bath & Body Works (a)	125	118	6 %
La Senza (b)	86	83	4 %
<u>Sales per Average Store (in thousands)</u>			
Victoria's Secret Stores (a)	\$ 1,073	\$ 963	11 %
Bath & Body Works (a)	298	279	7 %
La Senza (b)	286	275	4 %
<u>Average Store Size (selling square feet)</u>			
Victoria's Secret Stores (a)	5,950	5,907	1 %
Bath & Body Works (a)	2,374	2,372	— %
La Senza	3,318	3,319	— %
<u>Total Selling Square Feet (in thousands)</u>			
Victoria's Secret Stores (a)	6,009	6,031	— %
Bath & Body Works (a)	3,758	3,802	(1)%
La Senza (c)	660	830	(20)%

-
- (a) Metric relates to company-owned stores in the U.S.
- (b) Metric is presented in Canadian dollars to eliminate the impact of foreign currency fluctuations.
- (c) During the fourth quarter of 2011, we initiated a restructuring program designed to resize a portion of La Senza's store fleet. Under this program, we closed 38 underperforming stores. Of these stores, 12 were closed as of January 28, 2012. The remainder were closed during the first quarter of 2012. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 1. Financial Statements.

The following table compares first quarter of 2012 store data to the first quarter of 2011:

Number of Stores (a)	2012	2011
Victoria's Secret U.S.		
Beginning of Period	1,017	1,028
Opened	—	1
Closed	(7)	(8)
End of Period	<u>1,010</u>	<u>1,021</u>
Bath & Body Works U.S.		
Beginning of Period	1,587	1,606
Opened	2	—
Closed	(6)	(3)
End of Period	<u>1,583</u>	<u>1,603</u>
La Senza		
Beginning of Period	230	252
Opened	—	—
Closed (b)	(31)	(2)
End of Period	<u>199</u>	<u>250</u>
Bath & Body Works Canada		
Beginning of Period	69	59
Opened	—	—
Closed	(1)	—
End of Period	<u>68</u>	<u>59</u>
Victoria's Secret Canada		
Beginning of Period	19	12
Opened	1	—
Closed	—	—
End of Period	<u>20</u>	<u>12</u>
Henri Bendel		
Beginning of Period	19	11
Opened	—	—
Closed	—	—
End of Period	<u>19</u>	<u>11</u>
Total		
Beginning of Period	2,941	2,968
Opened	3	1
Closed	(45)	(13)
End of Period	<u>2,899</u>	<u>2,956</u>

- (a) Number of stores excludes independently owned La Senza, Bath & Body Works and Victoria's Secret stores operated by licensees and franchisees.
- (b) During the fourth quarter of 2011, we initiated a restructuring program designed to resize a portion of La Senza's store fleet. Under this program, we closed 38 underperforming stores. Of these stores, 12 were closed as of January 28, 2012. The remainder were closed during the first quarter of 2012. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 1. Financial Statements.

Segment Reporting Change

In the fourth quarter of 2011, we ceased aggregating La Senza with Victoria's Secret. While this reporting change did not impact our consolidated results, segment data for previous years has been recast to be consistent with the current year presentation throughout.

Results of Operations

First Quarter of 2012 Compared to First Quarter of 2011

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for the first quarter of 2012 in comparison to the first quarter of 2011:

<u>First Quarter</u>	<u>Operating Income Rate</u>	
	2012	2011
	(in millions)	
Victoria's Secret	\$ 278	\$ 245
Bath & Body Works	60	54
Other (a) (b)	(45)	(82)
Total Operating Income	\$ 293	\$ 217

- (a) Includes Corporate, Mast Global, Henri Bendel and our international operations including La Senza. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are included in the first quarter of 2011 but not the first quarter of 2012. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 1. Financial Statements.
- (b) 2011 includes a \$50 million expense associated with a pledge to our charitable foundation to fund our charitable activities on a multi-year basis.

For the first quarter of 2012, operating income increased \$76 million to \$293 million and the operating income rate increased to 13.6% from 9.8%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for the first quarter of 2012 in comparison to the first quarter of 2011:

<u>First Quarter</u>	<u>% Change</u>	
	2012	2011
	(in millions)	
Victoria's Secret Stores	\$ 1,088	\$ 987
Victoria's Secret Direct	382	369
Total Victoria's Secret	1,470	1,356
Bath & Body Works	505	480
Other (a)	179	381
Total Net Sales	\$ 2,154	\$ 2,217

- (a) Includes Corporate, Mast Global, Henri Bendel and our international operations including La Senza. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. First quarter 2011 sales included \$214 million attributable to the third-party apparel sourcing business. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 1. Financial Statements.

The following table provides a reconciliation of net sales for the first quarter of 2012 to the first quarter of 2011:

	Victoria's Secret	Bath & Body Works	Other	Total
First Quarter	(in millions)			
2011 Net Sales	\$ 1,356	\$ 480	\$ 381	\$ 2,217
Comparable Store Sales	87	24	(2)	109
Sales Associated with New, Closed, and Non-comparable Remodeled Stores, Net	14	—	9	23
Foreign Currency Translation	—	—	(2)	(2)
Direct Channels	13	1	—	14
Mast Global and Other	—	—	7	7
Divestiture of Third-party Apparel Sourcing Business	—	—	(214)	(214)
2012 Net Sales	<u>\$ 1,470</u>	<u>\$ 505</u>	<u>\$ 179</u>	<u>\$ 2,154</u>

The following table compares the first quarter of 2012 comparable store sales to the first quarter of 2011:

First Quarter	2012	2011
Victoria's Secret Stores	9%	19%
Bath & Body Works	6%	11%
Total Comparable Store Sales (a)	7%	15%

(a) Includes La Senza, Bath & Body Works Canada, Victoria's Secret Canada and Henri Bendel.

For the first quarter of 2012, our net sales decreased \$63 million to \$2.154 billion and comparable store sales increased 7%. First quarter 2011 sales included \$214 million attributable to the third-party apparel sourcing business which was sold in November 2011. The change in our net sales was driven by the following:

Victoria's Secret

For the first quarter of 2012, net sales increased \$114 million to \$1.470 billion and comparable store sales increased 9%. The increase in net sales was primarily driven by the following:

- At Victoria's Secret Stores, net sales increased across most categories including core lingerie, Pink and beauty, driven by a compelling merchandise assortment that incorporated newness, innovation and fashion as well as in-store execution; and
- At Victoria's Secret Direct, net sales increased 4% related to increases in Pink, swimwear and knit clothing.

The increase in comparable store sales was primarily driven by an increase in higher average dollar sales at Victoria's Secret Stores.

Bath & Body Works

For the first quarter of 2012, net sales increased \$25 million to \$505 million and comparable store sales increased 6%. From a merchandise category perspective, net sales were driven by growth in the home fragrance, Signature Collection, and antibacterial categories which all incorporated newness and innovation. The increase in comparable store sales was driven by an increase in average dollar sales.

Other

For the first quarter of 2012, net sales decreased \$202 million to \$179 million primarily related to the divestiture of the third-party sourcing business in the fourth quarter of 2011 and a decrease in sales at La Senza due to store closures. This decrease was partially offset by growth in Victoria's Secret and Bath & Body Works sales in Canada.

Gross Profit

For the first quarter of 2012, our gross profit increased \$60 million to \$902 million and our gross profit rate (expressed as a percentage of net sales) increased to 41.9% from 38.0%, primarily driven by the following:

Victoria's Secret

For the first quarter of 2012, the gross profit increase was primarily driven by the following:

- At Victoria's Secret Stores, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales and store related activity; and
- At Victoria's Secret Direct, gross profit increased primarily due to higher merchandise margin dollars as a result of the increase in net sales.

The gross profit rate was roughly flat driven primarily by a decrease in the merchandise margin rate due to increased product costs and gift with purchase programs offset by a decrease in buying and occupancy expense rate due to leverage associated with higher sales.

Bath & Body Works

For the first quarter of 2012, the gross profit increase was driven by higher merchandise margin dollars related to the increase in net sales. The increase in merchandise margin dollars was partially offset by an increase in buying and occupancy expenses driven by higher occupancy costs related to the increase in net sales and store related activity. The gross profit rate decreased driven primarily by a decrease in the merchandise margin rate due to increased costs and promotional activities, partially offset by a decrease in buying and occupancy expense rate due to leverage associated with higher sales.

Other

For the first quarter of 2012, the gross profit increase was primarily driven by higher merchandise margin dollars at Mast Global related to net sales increases to our internal brands and higher merchandise margin dollars related to net sales increases in our Canadian Victoria's Secret and Bath & Body Works stores. The increase was partially offset by a decrease in gross profit related to the divestiture of the third-party apparel sourcing business. The gross profit rate increased significantly primarily driven by the divestiture of the third-party apparel sourcing business in the fourth quarter of 2011 which removed lower margin sales.

General, Administrative and Store Operating Expenses

For the first quarter of 2012, our general, administrative and store operating expenses decreased \$16 million to \$609 million primarily due to the \$50 million expense associated with a pledge to our charitable foundation in the first quarter of 2011. This decrease was partially offset by:

- An increase in store selling expenses related to higher sales and other investments to improve the customer experience, including investments in training and technology;
- An increase in expenses resulting from increased international expansion; and
- An increase in severance expense.

The general, administrative and store operating expense rate increased slightly to 28.3% from 28.2% primarily due to the factors mentioned above.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the first quarter of 2012 and 2011:

First Quarter	2012	2011
Average daily borrowings (in millions)	\$ 4,454	\$ 2,954
Average borrowing rate (in percentages)	6.63%	6.98%

For the first quarter of 2012, our interest expense increased \$23 million to \$78 million primarily driven by an increase in average borrowings related to the February 2012 \$1 billion note issuance, partially offset by a decrease in the average borrowing rate.

Other Income

For the first quarter of 2012, our other income decreased \$89 million to a \$2 million loss primarily driven by an \$86 million gain related to the sale of a portion of our shares of Express, Inc. common stock in the first quarter of 2011.

Provision for Income Taxes

For the first quarter of 2012, our effective tax rate was 41.6% as compared to 33.6% in the first quarter of 2011. The first quarter 2012 rate was higher than our combined estimated federal and state rate of 39.0% primarily due to losses related to certain foreign subsidiaries. The first quarter of 2011 was lower than our combined estimated federal and state rate primarily due to favorable resolution of certain tax matters.

FINANCIAL CONDITION

Liquidity and Capital Resources

Liquidity, or access to cash, is an important factor in determining our financial stability. We are committed to maintaining adequate liquidity. Cash generated from our operating activities provides the primary resources to support current operations, growth initiatives, seasonal funding requirements and capital expenditures. Our cash provided from operations is impacted by our net income and working capital changes. Our net income is impacted by, among other things, sales volume, seasonal sales patterns, success of new product introductions and profit margins. Historically, sales are higher during the fourth quarter of the fiscal year due to seasonal and holiday-related sales patterns. Generally, our need for working capital peaks during the summer and fall months as inventory builds in anticipation of the holiday period.

Our total cash and cash equivalents held by foreign subsidiaries were \$530 million as of April 28, 2012. Under current tax laws and regulations, if cash and cash equivalents held outside the U.S. are repatriated to the U.S., in certain circumstances we may be subject to additional U.S. income taxes and foreign withholding taxes.

The following table provides our long-term debt balance as of April 28, 2012, January 28, 2012 and April 30, 2011:

	<u>April 28, 2012</u>	<u>January 28, 2012</u>	<u>April 30, 2011</u>
	(in millions)		
<u>Senior Unsecured Debt with Subsidiary Guarantee</u>			
\$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 (“2022 Notes”)	\$ 1,000	\$ —	\$ —
\$1 billion, 6.625% Fixed Interest Rate Notes due April 2021 (“2021 Notes”)	1,000	1,000	1,000
\$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount (“2019 Notes”)	488	488	487
\$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	400	400	400
Total Senior Unsecured Debt with Subsidiary Guarantee	\$ 2,888	\$ 1,888	\$ 1,887
<u>Senior Unsecured Debt</u>			
\$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount (“2017 Notes”)(a)	\$ 723	\$ 724	\$ 700
\$350 million, 6.95% Fixed Interest Rate Debentures due March 2033, Less Unamortized Discount (“2033 Notes”)	350	350	350
\$300 million, 7.60% Fixed Interest Rate Notes due July 2037, Less Unamortized Discount (“2037 Notes”)	299	299	299
5.25% Fixed Interest Rate Notes due November 2014, Less Unamortized Discount (“2014 Notes”)(b)	220	220	216
6.125% Fixed Interest Rate Notes due December 2012, Less Unamortized Discount (“2012 Notes”)(c)	57	57	58
Total Senior Unsecured Debt	\$ 1,649	\$ 1,650	\$ 1,623
Total	\$ 4,537	\$ 3,538	\$ 3,510
Current Portion of Long-term Debt	(57)	(57)	—
Total Long-term Debt	\$ 4,480	\$ 3,481	\$ 3,510

- (a) The balances include a fair value interest rate hedge adjustment which increased the debt balance by \$24 million as of April 28, 2012, \$25 million as of January 28, 2012 and \$1 million as of April 30, 2011.
- (b) The principal balance outstanding was \$213 million as of April 28, 2012, January 28, 2012 and April 30, 2011. The balances include a fair value interest rate hedge adjustment which increased the debt balance by \$7 million as of April 28, 2012 and January 28, 2012 and \$3 million as of April 30, 2011.
- (c) The principal balance outstanding was \$57 million as of April 28, 2012, January 28, 2012 and April 30, 2011. The April 30, 2011 balance includes a fair value interest rate hedge adjustment which increased the debt balance by \$1 million.

Issuance of Notes

In February 2012, we issued \$1 billion of 5.625% notes due in February 2022 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2022 Notes are jointly and severally guaranteed on a full and unconditional basis by the Guarantors. The proceeds from the issuance were \$985 million, which were net of transaction costs of \$15 million.

In March 2011, we issued \$1 billion of 6.625% notes due in April 2021 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2021 Notes are jointly and severally guaranteed on a full and unconditional basis by the Guarantors. The proceeds from the issuance were \$981 million, which were net of transaction costs of \$19 million.

Revolving Facility

On July 15, 2011, we entered into an amendment and restatement (“Amendment”) of our secured revolving credit facility (“Revolving Facility”). The Amendment increased the aggregate amount of the commitments of the lenders under the Revolving Facility from \$800 million to \$1 billion and extended the termination date from August 1, 2014 to July 15, 2016. In addition, the Amendment reduced fees payable under the Revolving Facility which are based on our long-term credit ratings. The fees related to committed and unutilized amounts per year were reduced from 0.50% to 0.325% per annum and the fees related to outstanding letters of credit were reduced from 3.00% to 1.75% per annum. In addition, the interest rate on

outstanding borrowings was reduced from the London Interbank Offered Rate (“LIBOR”) plus 3.00% to LIBOR plus 1.75%.

We incurred fees related to the Amendment of the Revolving Facility of \$7 million, which were capitalized and are being amortized over the remaining term of the Revolving Facility.

The Revolving Facility contains fixed charge coverage and debt to EBITDA financial covenants. We are required to maintain a fixed charge coverage ratio of not less than 1.75 to 1.00 and a consolidated debt to consolidated EBITDA ratio not exceeding 4.00 to 1.00 for the most recent four-quarter period. In addition, the Revolving Facility provides that investments outside of the Guarantors and restricted payments may be made, without limitation on amount, if (a) at the time of and after giving effect to such investment or restricted payment the ratio of consolidated debt to consolidated EBITDA for the most recent four-quarter period is less than 3.00 to 1.00 and (b) no default or event of default exists. As of April 28, 2012, we were in compliance with both of our financial covenants and the ratio of consolidated debt to consolidated EBITDA was less than 3.00 to 1.00.

As of April 28, 2012, there were no borrowings outstanding under the Revolving Facility.

Letters of Credit

The Revolving Facility supports our letter of credit program. We had \$9 million of outstanding letters of credit as of April 28, 2012 that reduces our remaining availability under our credit agreements.

Fair Value Interest Rate Swap Arrangements

We have the following interest rate swap arrangements related to certain outstanding debt:

	Notional Amount		
	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
2012 Notes	\$ —	\$ —	\$ 57
2014 Notes	—	—	213
2017 Notes	175	175	325
Total	\$ 175	\$ 175	\$ 595

The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on LIBOR plus a fixed interest rate.

The swap arrangements are designated as fair value hedges. The changes in the fair value of the interest rate swaps have an equal and offsetting impact to the carrying value of the debt on the balance sheet. The differential to be paid or received on the interest rate swap arrangements is accrued and recognized as an adjustment to interest expense.

In July 2011, we terminated interest rate designated fair value hedges related to the 2012 Notes with a notional amount of \$57 million. In settlement of these hedges, we received \$1 million. In August 2011, we terminated interest rate designated fair value hedges related to the 2014 Notes with a notional amount of \$213 million. In settlement of these hedges, we received \$9 million. In September 2011, we terminated interest rate designated fair value hedges related to the 2017 Notes with a notional amount of \$150 million. In settlement of these hedges, we received \$12 million. The carrying values of the respective Notes include the settlement amounts received upon termination of the hedges. The settlement amounts are amortized as a reduction to interest expense through the maturity date of the respective Notes.

Working Capital and Capitalization

We believe that our available short-term and long-term capital resources are sufficient to fund foreseeable requirements.

The following table provides a summary of our working capital position and capitalization as of April 28, 2012, January 28, 2012 and April 30, 2011:

	April 28, 2012	January 28, 2012	April 30, 2011
	(in millions)		
Cash Provided by (Used for) Operating Activities (a)	\$ (183)	\$ 1,266	\$ (18)
Capital Expenditures (a)	136	426	77
Working Capital	1,526	842	1,775
Capitalization:			
Long-term Debt	4,480	3,481	3,510
Shareholders' Equity (Deficit)	(131)	137	1,127
Total Capitalization	4,349	3,618	4,637
Remaining Amounts Available Under Credit Agreements (b)	991	987	773

- (a) The January 28, 2012 amounts represent a twelve-month period and the April 28, 2012 and April 30, 2011 amounts represent three-month periods.
- (b) Letters of credit issued reduce our remaining availability under the Revolving Facility. We have outstanding letters of credit that reduce our remaining availability under the Revolving Facility of \$9 million as of April 28, 2012, \$13 million as of January 28, 2012 and \$27 million as of April 30, 2011.

Credit Ratings

The following table provides our credit ratings as of April 28, 2012:

	Moody's	S&P	Fitch
Corporate	Ba1	BB+	BB+
Senior Unsecured Debt with Subsidiary Guarantee	Ba1	BB+	BB+
Senior Unsecured Debt	Ba2	BB-	BB
Outlook	Stable	Stable	Stable

Our borrowing costs under our Revolving Facility are linked to our credit ratings at S&P, Moody's and Fitch. If we receive an upgrade or downgrade to our corporate credit ratings by S&P, Moody's or Fitch, the borrowing costs could decrease or increase, respectively. The guarantees of our obligations under the Revolving Facility by certain of our 100% owned subsidiaries (such subsidiaries, the "Guarantors") and the security interests granted in our and the Guarantors' collateral securing such obligations are released if our credit ratings are higher than a certain level. Additionally, the restrictions imposed under the Revolving Facility on our ability to make investments and to make restricted payments cease to apply if our credit ratings are higher than certain levels. Credit rating downgrades by any of the agencies do not accelerate the repayment of any of our debt.

Common Stock Share Repurchases

Under the authority of our Board of Directors, we repurchased shares of our common stock under the following repurchase programs during the first quarter of 2012 and 2011:

Repurchase Program	Amount Authorized (in millions)	Shares Repurchased		Amount Repurchased	
		2012	2011	2012	2011
		(in thousands)		(in millions)	
February 2012 (a)	\$ 500	4,594	NA	\$ 217	NA
November 2011	250	3,657	NA	164	NA
March 2011	500	NA	13,241	NA	\$ 481
November 2010 (b)	200	NA	3,431	NA	109
Total		8,251	16,672	\$ 381	\$ 590

- (a) The February 2012 repurchase program had \$283 million remaining as of April 28, 2012.
- (b) The November 2010 repurchase program had \$31 million remaining at the time it was cancelled in conjunction with the approval of the March 2011 repurchase program.
- NA Not applicable

For the February 2012 repurchase program, \$9 million of share repurchases were reflected in Accounts Payable on the April 28, 2012 Consolidated Balance Sheet and were settled in May 2012.

Subsequent to April 28, 2012, we repurchased an additional 1.2 million shares of common stock for \$59 million under the February 2012 repurchase program.

Dividend Policy and Procedures

Under the authority and declaration of our Board of Directors, we paid the following dividends during the first quarter of 2012 and 2011:

	Ordinary Dividends	Special Dividends (per share)	Total Dividends	Total Paid (in millions)
2012				
First Quarter	\$ 0.25	\$ —	\$ 0.25	\$ 73
2011				
First Quarter	\$ 0.20	\$ —	\$ 0.20	\$ 64

Our Board of Directors will determine future dividends after giving consideration to the Company's levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements as well as financial and other conditions existing at the time.

Cash Flow

The following table provides a summary of our cash flow activity for the first quarter of 2012 and 2011:

	First Quarter	
	2012	2011
	(in millions)	
Cash and Cash Equivalents, Beginning of Period	\$ 935	\$ 1,130
Net Cash Flows Used for Operating Activities	(183)	(18)
Net Cash Flows Provided by (Used for) Investing Activities	(124)	22
Net Cash Flows Provided by Financing Activities	656	420
Effect of Exchange Rate Changes on Cash	2	3
Net Increase in Cash and Cash Equivalents	351	427
Cash and Cash Equivalents, End of Period	\$ 1,286	\$ 1,557

Operating Activities

Net cash used for operating activities in 2012 was \$183 million, including net income of \$125 million. Net income included depreciation and amortization of \$95 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant items in working capital were seasonal changes in Accounts Payable, Accrued Expenses and Other, Inventories and Income Taxes Payable.

Net cash used for operating activities in 2011 was \$18 million, including net income of \$165 million. Net income included \$98 million of depreciation and amortization and an \$86 million pre-tax gain on the sale of Express common stock. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant items in working capital were seasonal changes in Income Taxes Payable, Accounts Payable, Accrued Expenses and Other and Inventories.

Investing Activities

Net cash used for investing activities in 2012 was \$124 million consisting primarily of capital expenditures of \$136 million. The capital expenditures included \$87 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

Net cash provided by investing activities in 2011 was \$22 million consisting of cash proceeds from the sale of Express common stock of \$99 million partially offset by capital expenditures of \$77 million. The capital expenditures included \$35 million for

opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

Financing Activities

Net cash provided by financing activities in 2012 was \$656 million consisting primarily of proceeds from the issuance of long-term debt of \$985 million (net of issuance costs), excess tax benefits from share-based compensation and proceeds from the exercise of stock options, partially offset by repurchases of common stock of \$376 million and quarterly dividend payments of \$0.25 per share, or \$73 million.

Net cash provided by financing activities in 2011 was \$420 million consisting primarily of a note issuance of \$981 million (net of issuance costs) and proceeds from the exercise of stock options, partially offset by share repurchases of \$556 million and quarterly dividend payments of \$0.20 per share, or \$64 million.

Contingent Liabilities and Contractual Obligations

In connection with the disposition of certain businesses, we have remaining guarantees of approximately \$71 million related to lease payments of Express, Limited Stores, Abercrombie & Fitch, Dick's Sporting Goods, and New York & Company under the current terms of noncancelable leases expiring at various dates through 2017. These guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of the businesses. In certain instances, our guarantee may remain in effect if the term of a lease is extended.

Our guarantees related to Express, Limited Stores and New York & Company require fair value accounting in accordance with GAAP in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New York & Company totaled \$45 million as of April 28, 2012, \$49 million as of January 28, 2012 and \$62 million as of April 30, 2011. The estimated fair value of these guarantee obligations was \$4 million as of April 28, 2012 and January 28, 2012 and \$6 million as of April 30, 2011, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

Our guarantees related to Abercrombie & Fitch and Dick's Sporting Goods are not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on GAAP in effect at the time of these divestitures. We had no liability recorded with respect to any of the guarantee obligations as we concluded that payments under these guarantees were not probable as of April 28, 2012, January 28, 2012 and April 30, 2011.

Our contractual obligations primarily consist of long-term debt and the related interest payments, operating leases, purchase orders for merchandise inventory and other long-term obligations. These contractual obligations impact our short-term and long-term liquidity and capital resource needs. There have been no material changes in our contractual obligations since January 28, 2012, other than the issuance of the 2022 Notes. Additionally, certain of our contractual obligations may fluctuate during the normal course of business (primarily changes in our merchandise inventory-related purchase obligations which fluctuate throughout the year as a result of the seasonal nature of our operations).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Fair Value

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) - Fair Value Measurement*, to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. ASU 2011-04 was effective for the Company in the first quarter of 2012. The measurement provisions of this ASU did not impact our consolidated results of operations, financial position or cash flows and all necessary disclosures in this Form 10-Q comply with this standard.

Goodwill

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*, which gives companies testing goodwill for impairment the option of performing a qualitative assessment before calculating the fair value of a reporting unit in step one of the goodwill impairment test. If companies determine, based on qualitative factors, that the fair value of a reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. Otherwise, further testing would not be needed. We adopted this guidance in the first quarter of 2012. The application of ASU 2011-08 did not have an impact on our consolidated results of operations, financial position or cash flows.

IMPACT OF INFLATION

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on the results of operations and financial condition have been minor.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to adopt accounting policies related to estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates its accounting policies, estimates and judgments, including those related to inventories, long-lived assets, claims and contingencies, income taxes and revenue recognition. Management bases our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

There have been no material changes to the critical accounting policies and estimates disclosed in our 2011 Annual Report on Form 10-K.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in foreign currency exchange rates or interest rates. We use derivative financial instruments like the cross-currency swaps and interest rate swap arrangements to manage exposure to market risks. We do not use derivative financial instruments for trading purposes.

Foreign Exchange Rate Risk

To mitigate the translation risk to our earnings and the fair value of our investment in La Senza associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate, we entered into a series of cross-currency swaps related to Canadian dollar denominated intercompany loans. These cross-currency swaps require the periodic exchange of fixed rate Canadian dollar interest payments for fixed rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S. dollar principal payments upon maturity. The swap arrangements mature between 2015 and 2018 at the same time as the related loans. As a result of the Canadian dollar denominated intercompany loans and the related cross-currency swaps, we do not believe there is any material translation risk to La Senza's net earnings associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate.

In addition, our Canadian dollar denominated earnings are subject to U.S. dollar-Canadian dollar exchange rate risk as substantially all of our merchandise sold in Canada is sourced through U.S. dollar transactions.

Interest Rate Risk

Our investment portfolio primarily consists of interest-bearing instruments that are classified as cash and cash equivalents based on their original maturities. Our investment portfolio is maintained in accordance with our investment policy, which specifies permitted types of investments, specifies credit quality standards and maturity profiles and limits credit exposure to any single issuer. The primary objective of our investment activities are the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. Currently, our investment portfolio is comprised of U.S. and Canadian government obligations, U.S. Treasury and AAA-rated money market funds, bank time deposits and highly-rated commercial paper. Given the short-term nature and quality of investments in our portfolio, we do not believe there is any material risk to principal associated with increases or decreases in interest rates.

All of our long-term debt as of April 28, 2012 has fixed interest rates. We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. The effect of the interest rate swap arrangements is to convert the respective amount of debt from a fixed interest rate to a variable interest rate. The variable interest rate associated with these swap arrangements fluctuates based on changes in the three-month London Interbank Offered Rate ("LIBOR").

As of April 28, 2012, our designated fair value hedges have a notional amount of \$175 million related to a portion of our 2017 Notes.

For the balance of our long-term debt that is not subject to the interest rate swap arrangements, our exposure to interest rate changes is limited to the fair value of the debt issued, which would not have a material impact on our earnings or cash flows.

Fair Value of Financial Instruments

As of April 28, 2012, management believes that the carrying values of cash and cash equivalents, receivables and payables approximate fair value because of the short maturity of these financial instruments.

The following table provides a summary of the carrying value and fair value of long-term debt and swap arrangements as of April 28, 2012, January 28, 2012 and April 30, 2011:

	<u>April 28, 2012</u>	<u>January 28, 2012</u>	<u>April 30, 2011</u>
	(in millions)		
Long-term Debt: (a)			
Carrying Value	\$ 4,537	\$ 3,538	\$ 3,510
Fair Value, Estimated (b)	4,836	3,849	3,721
Cross-currency Swap Arrangements (c)	63	60	85
Fixed-to-Floating Interest Rate Swap Arrangements (c)	(13)	(14)	(5)
Available-for-sale Investment (b) (d)	—	—	156

- (a) The increase in long-term debt is related to the issuance of the February 2022 Notes.
- (b) The estimated fair value is based on quoted market prices. The estimates presented are not necessarily indicative of the amounts that we could realize in a current market exchange.
- (c) Swap arrangements are in an (asset) liability position.
- (d) Represents the market value of our remaining common stock shares of Express.

We maintain cash and cash equivalents with various major financial institutions, as well as a Revolving Facility that supports our letter of credit program. We monitor the relative credit standing of these financial institutions and other entities and limit the amount of credit exposure with any one entity. We also monitor the creditworthiness of entities to which we grant credit terms in the normal course of business and counterparties to derivative instruments.

Item 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were adequate and effective and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting that occurred in the first quarter 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are a defendant in a variety of lawsuits arising in the ordinary course of business. Actions filed against our Company from time to time include commercial, tort, intellectual property, customer, employment, data privacy, securities and other claims, including purported class action lawsuits. Although it is not possible to predict with certainty the eventual outcome of any litigation, in the opinion of management, our current legal proceedings are not expected to have a material adverse effect on our financial position or results of operations.

In July 2009, a complaint was filed against our Company for patent infringement in the United States District Court for the Eastern District of Texas. The complaint sought monetary damages, costs, attorneys' fees, and injunctive relief. A jury found in favor of the plaintiff and awarded damages of \$9 million for infringement from 2007 through 2011. We are unable to estimate the range of possible losses related to future infringement through the patents' expiration in 2015. We intend to ask the trial judge to reverse or amend the jury's award. We also intend to appeal any adverse judgment and to vigorously defend against this action.

Item 1A. RISK FACTORS

The risk factors that affect our business and financial results are discussed in “Item 1A: Risk Factors” in the 2011 Annual Report on Form 10-K. We wish to caution the reader that the risk factors discussed in “Item 1A: Risk Factors” in our 2011 Annual Report on Form 10-K, and those described elsewhere in this report or other Securities and Exchange Commission filings, could cause actual results to differ materially from those stated in any forward-looking statements.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides our repurchases of our common stock during the first quarter of 2012:

<u>Period</u>	<u>Total Number of Shares Purchased (a)</u> (in thousands)	<u>Average Price Paid Per Share (b)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Programs (c)</u> (in thousands)	<u>Maximum Number of Shares (or Approximate Dollar Value) that May Yet be Purchased Under the Programs (c)</u>
February 2012	4,055	\$ 45.02	4,049	\$ 481,995
March 2012	4,639	47.20	2,999	341,744
April 2012	1,232	48.46	1,203	283,434
Total	<u>9,926</u>	46.47	<u>8,251</u>	283,434

- (a) The total number of shares repurchased includes shares repurchased as part of publicly announced programs, with the remainder relating to shares repurchased in connection with tax payments due upon vesting of employee restricted stock awards and the use of our stock to pay the exercise price on employee stock options.
- (b) The average price paid per share includes any broker commissions.
- (c) For additional share repurchase program information, see Note 3 to the Consolidated Financial Statements included in Item 1. Financial Statements.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Not applicable.

Item 6. EXHIBITS

Exhibits

4.1	Sixth Supplemental Indenture dated as of February 7, 2012 among Limited Brands, Inc., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A.
15	Letter re: Unaudited Interim Financial Information re: Incorporation of Report of Independent Registered Public Accounting Firm.
31.1	Section 302 Certification of CEO.
31.2	Section 302 Certification of CFO.
32	Section 906 Certification (by CEO and CFO).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

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.

LIMITED BRANDS, INC.
(Registrant)

By: /s/ STUART B. BURGDOERFER
Stuart B. Burgdoerfer
Executive Vice President and Chief Financial Officer *

Date: June 1, 2012

- * Mr. Burgdoerfer is the principal financial officer and the principal accounting officer and has been duly authorized to sign on behalf of the Registrant.

LIMITED BRANDS, INC. (formerly known as THE LIMITED, INC.),

THE GUARANTORS PARTY HERETO, as Guarantors

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

5.625% Senior Notes due 2022

SIXTH SUPPLEMENTAL INDENTURE

Dated as of February 7, 2012

to

INDENTURE

Dated as of March 15, 1988

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF
GENERAL APPLICATION

SECTION 1.1.	Definitions.....	5
--------------	------------------	---

ARTICLE TWO
SECURITIES FORMS

SECTION 2.1.	Creation of the Notes; Designations.....	10
SECTION 2.2.	Forms Generally.....	10

ARTICLE THREE
GENERAL TERMS AND CONDITIONS OF THE NOTES

SECTION 3.1.	Title and Terms of Notes.....	11
--------------	-------------------------------	----

ARTICLE FOUR
REDEMPTION

SECTION 4.1.	Optional Redemption.....	12
SECTION 4.2.	Optional Redemption Procedures.....	12

ARTICLE FIVE
COVENANTS

SECTION 5.1.	Limitations on Mergers and Sales of Assets.....	13
SECTION 5.2.	Successor Person Substituted.....	13
SECTION 5.3.	Reports.....	13
SECTION 5.4.	Additional Subsidiary Guarantees.....	13
SECTION 5.5.	Change of Control.....	14

ARTICLE SIX
GUARANTEE OF NOTES

SECTION 6.1.	Guarantee.....	15
SECTION 6.2.	Execution and Delivery of Notation of Guarantee.....	15
SECTION 6.3.	Limitation of Guarantee.....	16
SECTION 6.4.	Release of Guarantor.....	16
SECTION 6.5.	Waiver of Subrogation.....	16

ARTICLE SEVEN

SATISFACTION AND DISCHARGE

SECTION 7.1.	Satisfaction and Discharge.....	17
--------------	---------------------------------	----

ARTICLE EIGHT

SUPPLEMENTAL INDENTURES

SECTION 8.1.	Without Consent of Holders, Company and Trustee May Enter Into Supplemental Indentures for Specified Purposes.....	21
--------------	--	----

ARTICLE NINE

MISCELLANEOUS

SECTION 9.1.	Effect of Sixth Supplemental Indenture.....	22
SECTION 9.2.	Effect of Headings.....	22
SECTION 9.3.	Successors and Assigns.....	22
SECTION 9.4.	Severability Clause.....	22
SECTION 9.5.	Benefits of Sixth Supplemental Indenture.....	22
SECTION 9.6.	Conflict.....	22
SECTION 9.7.	Governing Law.....	22
SECTION 9.8.	Trustee.....	23

SIXTH SUPPLEMENTAL INDENTURE, dated as of February 7, 2012, among LIMITED BRANDS, INC., a Delaware corporation (hereinafter called the “Company”), the Guarantors (as hereinafter defined) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as successor trustee hereunder (hereinafter called the “Trustee”).

RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated March 15, 1988 (the “Base Indenture”), as amended by the first supplemental indenture, dated May 31, 2005 (the “First Supplemental Indenture”), as further amended by the second supplemental indenture, dated July 17, 2007 (the “Second Supplemental Indenture”), as further amended by the third supplemental indenture, dated May 4, 2010 (the “Third Supplemental Indenture”), as further amended by the fourth supplemental indenture, dated January 29, 2011 (the “Fourth Supplemental Indenture”), and as further amended by the fifth supplemental indenture, dated March 25, 2011 (the “Fifth Supplemental Indenture” and the Base Indenture, as amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture and Fifth Supplemental Indenture, the “Original Indenture”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, Section 1301(g) of the Base Indenture permits the forms and terms of the Debt Securities of any series as permitted in Sections 201, 202 and 302 to be established in an indenture supplemental to the Base Indenture;

WHEREAS, Section 1301 of the Original Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of the Debt Securities, for Specified Purposes stated therein;

WHEREAS, the Company has requested the Trustee to join with it and the Guarantors in the execution and delivery of this Sixth Supplemental Indenture in order to supplement the Original Indenture by, among other things, establishing the forms and certain terms of a series of Debt Securities to be known as the Company's “5.625% Senior Notes due 2022” (the “Notes”), and adding certain provisions thereof for the benefit of the Holders of the Notes;

WHEREAS, the Company has furnished the Trustee with a duly authorized and executed issuer order dated February 7, 2012 authorizing the execution of this Sixth Supplemental Indenture and the issuance of the Notes, such issuer order sometimes referred to herein as the “Authentication Order”;

WHEREAS, all things necessary to make this Sixth Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes to be issued hereunder by Holders thereof, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Notes, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 Definitions.

The Original Indenture together with this Sixth Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Original Indenture as supplemented and amended by this Sixth Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture. If a capitalized term is defined in the Original Indenture and this Sixth Supplemental Indenture, the definition in this Sixth Supplemental Indenture shall apply to the Notes (and any Guarantee endorsed therein).

For all purposes of this Sixth Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;
- (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and
- (5) all references used herein to the male gender shall include the female gender.

“Additional Notes” has the meaning set forth in Section 3.1.

“Below Investment Grade Rating Event” means the Notes are rated below an Investment Grade Rating by both of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies (the “Relevant Period”)); *provided* that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in

respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply either (i) did not reduce the ratings of the Notes during the Relevant Period or (ii) do not announce or publicly confirm that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

“Change of Control” means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any “Person” (as that term is used in Section 13(d)(3) of the Exchange Act) other than the Company or one of its Subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “Person” (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock; or (3) the first day on which a majority of the members of the Company's Board of Directors are not Continuing Directors. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (1) the Company becomes a wholly owned Subsidiary of a holding company that has agreed to be bound by the terms of the Notes and (2) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction.

“Change of Control Offer” has the meaning set forth in Section 5.5.

“Change of Control Notice” means a written notice sent by or on behalf of the Company by first-class mail, postage prepaid, to each Holder of the Notes at its address appearing in the register for the Notes on the date of the Change of Control Notice offering to purchase all outstanding Notes in accordance with Section 5.5. The Change of Control Notice shall contain all the information required by applicable law to be included therein and shall also state:

- (1) that the Change of Control Offer is being made pursuant to Section 5.5 of this Indenture;
- (2) a description of the transaction or transactions that constitute or may constitute the Change of Control Triggering Event;
- (3) the Change of Control Payment Date;
- (4) the Change of Control Payment;
- (5) that the Holder of any Notes may tender all or any portion of such Notes registered in the name of such Holder and that any portion of a Note tendered must be tendered in an integral multiple of \$1,000 principal amount and that all Notes tendered in such manner for payment and not withdrawn shall be accepted;
- (6) the place or places where Notes are to be surrendered for tender pursuant to the Change of Control Offer;
- (7) that interest on any Note not tendered pursuant to the Change of Control Offer will continue to accrue;

(8) that on the Change of Control Payment Date the Change of Control Payment will become due and payable upon each Note being accepted for payment pursuant to the Change of Control Offer and that, unless the Company defaults in the payment of the Change of Control Payment therefor, interest thereon shall cease to accrue on and after the Change of Control Payment Date;

(9) that each Holder electing to tender all or any portion of a Note pursuant to the Change of Control Offer will be required to surrender such Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, at the place or places specified in the Change of Control Notice on or prior to the close of business on a date no earlier than the third Business Day prior to the Change of Control Payment Date (such Note being, if the Company so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder thereof or its attorney duly authorized in writing);

(10) that Holders will be entitled to withdraw all or any portion of Notes tendered if the Company receives, not later than the close of business on the fifth Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder tendered, the certificate number of the Note the Holder tendered and a statement that such Holder is withdrawing all or a portion of its tender; and

(11) that in the case of any Holder whose Note is purchased only in part, the Company shall execute and deliver to the Holder of such Note without service charge, a new Note or Notes, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Note so tendered, in denominations of \$2,000 principal amount or integral multiples of \$1,000 in excess thereof.

"Change of Control Payment" has the meaning set forth in Section 5.5.

"Change of Control Payment Date" has the meaning set forth in Section 5.5.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the Issue Date; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of the Company's proxy statement in which such member

was named as a nominee for election as a director, without objection to such nomination).

“Default” shall mean an Event of Default or an event that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

“Disqualified Equity Interests” of any Person means any class of Equity Interests of such Person that, by its terms, or by the terms of any related agreement or of any security into which it is convertible, puttable or exchangeable, is, or upon the happening of any event or the passage of time would be, required to be redeemed by such Person, whether or not at the option of the holder thereof, or matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, in whole or in part, on or prior to the date which is 91 days after the final maturity date of the Notes.

“Domestic Subsidiary” means any of the Company's Subsidiaries which is organized under the laws of the United States or any state thereof or the District of Columbia.

“Equity Interests” of any Person means (1) any and all shares or other equity interests (including common stock, preferred stock, limited liability company interests and partnership interests) in such Person and (2) all rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such shares or other interests in such Person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Guarantee” means a guarantee of the Notes on the terms set forth in this Indenture.

“Guarantor” means:

- (1) each Domestic Subsidiary of the Company on Issue Date that is a guarantor of our Senior Credit Facility; and
- (2) each Subsidiary of the Company or other Person that executes a Guarantee in accordance with the provisions of the Indenture;

and their respective successors and assigns, in each case, until such Subsidiary or Person is released from its Guarantee in accordance with the terms of the Indenture.

“Independent Investment Banker” means one of the Reference Treasury Dealers as appointed by the Company.

“Interest Payment Dates” means each February 15 and August 15, commencing August 15, 2012.

“Investment Grade Rating” means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

“Issue Date” means February 7, 2012.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise

perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided, however*, that in no event shall an operating lease be deemed to constitute a Lien.

“Moody's” means Moody's Investors Service, Inc.

“Notes” means any 5.625% Senior Notes due 2022 issued by the Company hereunder, including, without limitation, any Additional Notes, treated as a single class of securities.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit), damages and other liabilities of the Company under this Indenture.

“Officer” means the Chairman of the Board of Directors, the President, any Executive Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company, or any direct or indirect parent of the Company, or any Guarantor, as applicable.

“Officers' Certificate” means a certificate signed on behalf of the Company by the Chairman of the Board of Directors, the President or an Executive Vice President of the Company, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company.

“Person” means any individual, partnership, corporation, limited liability company, joint stock company, business trust, trust, unincorporated association, joint venture or other entity, or a government or political subdivision or agency thereof.

“Qualified Equity Offerings” means a public or private offering of Equity Interests (other than Disqualified Equity Interests) of the Company generating gross proceeds of at least \$50.0 million.

“Rating Agencies” means (1) each of Moody's and S&P; and (2) if either Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Company (as certified by a Board Resolution) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

“Redemption Date” when used with respect to any Note to be redeemed means the date fixed for such redemption pursuant to the terms of the Notes.

“Redemption Price” has the meaning as set forth in Section 4.1.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such Redemption Date.

“Reference Treasury Dealers” means (1) Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Citigroup Global Markets, Inc. and their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer (a “Primary Treasury Dealer”), the Company shall substitute another nationally

recognized investment banking firm that is a Primary Treasury Dealer, and (2) two other Primary Treasury Dealers selected by the Company.

“S&P” means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Senior Credit Facility” shall mean each of (i) the Amended and Restated Five-Year Revolving Credit Agreement, among the Company, the Lenders party thereto, and JPMorgan Chase Bank N.A., as Administrative Agent and Collateral Agent, dated as of October 6, 2004, as amended or amended and restated November 5, 2004, March 22, 2006, August 3, 2007, February 19, 2009, March 8, 2010 and July 15, 2011 and (ii) any other indebtedness for borrowed money of the Company or any of its Domestic Subsidiaries in excess of \$100.0 million.

“Subsidiary” means a corporation, a majority of the outstanding Voting Stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

“Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to a maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount equal to the Comparable Treasury Price for such Redemption Date).

“Voting Stock” means capital stock the holders of which have general voting power under ordinary circumstances to elect at least a majority of the board of directors of a corporation; *provided* that, for the purpose of such definition, capital stock which carries only the right to vote conditioned on the occurrence of an event shall not be considered Voting Stock whether or not such event shall have occurred.

ARTICLE TWO

SECURITIES FORMS

SECTION 2.1 Creation of the Notes; Designations.

In accordance with Section 301 of the Original Indenture, the Company hereby creates the Notes as a series of its Debt Securities issued pursuant to the Indenture. The Notes shall be known and designated as the “5.625% Senior Notes due 2022” of the Company.

SECTION 2.2 Forms Generally.

The Notes and the Trustee's certificate of authentication shall be in the forms set forth in Exhibit I with the form of notation of Guarantee to be endorsed thereon set forth in Exhibit II attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

The Notes shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, as determined by the officers of the Company executing such Notes, as evidenced by their manual execution of such Notes.

ARTICLE THREE

GENERAL TERMS AND CONDITIONS OF THE NOTES

SECTION 3.1 Title and Terms of Notes.

(a) The aggregate principal amount of Notes which shall be authenticated and delivered on the Issue Date under the Indenture shall be \$1,000,000,000; *provided, however*, that the Company from time to time, without giving notice to or seeking the consent of the Holders of the Notes, may issue additional notes (the “Additional Notes”) in any amount having the same terms as the Notes in all respects, except for the issue date, the issue price and the initial interest payment date. Any such Additional Notes shall be authenticated by the Trustee upon receipt of a Company an Authentication Order to that effect, and when so authenticated, will constitute “Notes” for all purposes of the Indenture and will (together with all other Notes issued under the Indenture) constitute a single series of Debt Securities under the Indenture; *provided* that if the Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, as applicable, the Additional Notes will have a separate CUSIP number. The Notes will be issued only in fully registered form without coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

(b) The principal amount of the Notes is due and payable in full on February 15, 2022 unless earlier redeemed.

(c) The Notes shall bear interest at the rate of 5.625% per annum (computed on the basis of a 360-day year comprised of twelve 30-day months) from the Issue Date or from the most recent Interest Payment Date on which interest has been paid or duly provided for to maturity or early redemption; and interest will be payable semi-annually in arrears on February 15 and August 15 of each year, commencing August 15, 2012, to the Persons in whose name such Notes were registered at the close of business on the preceding February 1 or August 1, respectively.

(d) Principal of and interest on the Notes shall be payable in accordance with Sections 307 and 501 of the Original Indenture.

(e) Other than as provided in Article Four of this Sixth Supplemental Indenture, the Notes shall not be redeemable.

(f) The Notes shall not be entitled to the benefit of any mandatory redemption or sinking fund.

(g) The Notes shall not be convertible into any other securities.

(h) Section 1104 of the Original Indenture shall apply to the Notes.

(i) The Company initially appoints the Trustee as Registrar and Paying Agent with respect to the Notes until such time as the Trustee has resigned or a successor has been appointed.

(j) The Notes (and the notation of Guarantee endorsed thereon) will be issuable in the form of one or more Global Debt Securities and the Depositary for such Global Security will be the Depositary Trust Company.

(k) The Company shall pay principal of, premium, if any, and interest on the Notes in money of the United States of America that at the time of payment is legal tender for payment of public and private debts.

(l) A Holder may transfer or exchange Notes only in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents. No service charge shall be made for any registration of transfer or exchange, but the Company or the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

ARTICLE FOUR

REDEMPTION

SECTION 4.1 Optional Redemption.

(a) The Notes will be redeemable in whole or in part, at the Company's option, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon to maturity discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 50 basis points, plus accrued interest thereon to the Redemption Date.

(b) Prior to February 15, 2015, the Company may, with the net proceeds of one or more Qualified Equity Offerings, redeem up to 35% of the aggregate principal amount at maturity of the outstanding Notes (including Additional Notes) at a redemption price equal to 105.625% of the principal amount thereof (the "Redemption Price"), plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date; *provided* that at least 65% of the principal amount at maturity of Notes (including Additional Notes) issued under this Indenture remains outstanding immediately after the occurrence of any such redemption (excluding Notes held by the Company or its Subsidiaries) and that any such redemption occurs within 90 days following the closing of any such Qualified Equity Offering.

(c) Unless the Company defaults in payment of the Redemption Price, on or after the Redemption Date, interest will cease to accrue on the Notes or portions thereof called for redemption.

SECTION 4.2 Optional Redemption Procedures.

The provisions of Article Four of the Original Indenture shall apply in the case of a redemption pursuant to this Article Four.

ARTICLE FIVE

COVENANTS

Holders of the Notes shall be entitled to the benefit of all covenants in Article Five of the Original Indenture (with the exception of Section 505) and the following additional covenants, which shall be deemed to be provisions of the Original Indenture with respect to the Notes, *provided* that this Article Five shall not become a part of the terms of any other series of Debt Securities:

SECTION 5.1 Limitations on Mergers and Sales of Assets.

The Company shall not consolidate with or merge into another corporation, or sell other than for cash or lease all or substantially all of its assets to another corporation, or purchase all or substantially all the assets of another corporation, unless:

- (i) either Limited Brands, Inc. is the continuing corporation or the successor corporation (if other than Limited Brands, Inc.) expressly assumes by supplemental indenture the obligations of the Notes (in which case, except in the case of such a lease, the Company will be discharged from such obligations); and
- (ii) immediately after the merger, consolidation, sale or lease, no Default shall have occurred and be continuing.

SECTION 5.2 Successor Person Substituted.

Upon any consolidation or merger, or any transfer of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole in accordance with Section 5.1, the successor entity formed by such consolidation or into which the Company is merged or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor entity had been named as the Company herein, and thereafter the predecessor entity shall be relieved of all obligations and covenants under this Indenture and the Notes, but, in the case of a lease of all or substantially all its assets, the predecessor will not be released from the obligation to pay the principal of and interest on the Notes.

SECTION 5.3 Reports.

Whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will file with the Commission (unless the Commission will not accept such filings) and furnish to the Holders of Notes all quarterly and annual financial information, and on dates, that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Notes were registered under the Exchange Act.

SECTION 5.4 Additional Subsidiary Guarantees.

If any of the Domestic Subsidiaries of the Company becomes a borrower or guarantor under the Senior Credit Facility, then, in each such case, the Company shall cause such Domestic Subsidiary to:

- (a) execute and deliver to the Trustee a supplemental indenture pursuant to which such Domestic Subsidiary shall unconditionally guarantee all of the Company's obligations under the

Notes and this Indenture; and

(b) deliver to the Trustee one or more opinions of counsel that, subject to customary qualifications, such supplemental indenture (i) has been duly authorized, executed and delivered by such Subsidiary and (ii) constitutes a valid and legally binding obligation of such Subsidiary in accordance with its terms.

SECTION 5.5 Change of Control.

If a Change of Control Triggering Event occurs, unless the Company has exercised its right to redeem the Notes pursuant to Section 4.01, Holders of Notes shall have the right to require the Company to repurchase all or any part in an integral multiple of \$1,000 of their Notes (*provided* that no Note will be purchased in part if the remaining principal amount of such Note would be less than \$2,000) pursuant to the offer described below in this Section 5.5 (the “Change of Control Offer”).

In the Change of Control Offer, the Company shall offer payment in cash equal to 101% of the aggregate principal amount of Notes subject to such offer plus accrued and unpaid interest, if any, on the Notes repurchased to the date of purchase (the “Change of Control Payment”).

Within 30 days following any Change of Control Triggering Event, or, at the Company's option, prior to any Change of Control, but after the public announcement of the Change of Control, the Company shall be required to mail a notice to Holders of Notes (the “Change of Control Notice”) describing the transaction or transactions that constitute or may constitute the Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the Change of Control Notice, which date shall be no earlier than 30 days and no later than 60 days from the date the Change of Control Notice is mailed (the “Change of Control Payment Date”).

The Change of Control Notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with this Section 5.5, the Company shall comply with the applicable securities laws and regulations and will not be deemed to have breached the Company's obligations under the Change of Control provisions of this Indenture or the Notes by virtue of such conflicts.

On the Change of Control Payment Date, the Company shall, to the extent lawful, to (a) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer; (b) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and (c) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased.

ARTICLE SIX

GUARANTEE OF NOTES

SECTION 6.1 Guarantee.

Subject to the provisions of this Article Six, each Guarantor, by execution of this Sixth Supplemental Indenture, jointly and severally, unconditionally guarantees to each Holder (i) the due and punctual payment of the principal of and interest and premium, if any, on each Note, when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, the due and punctual payment of interest on the overdue principal of and interest on the Notes, to the extent lawful, and the due and punctual payment of all other Obligations and due and punctual performance of all obligations of the Company to the Holders or the Trustee all in accordance with the terms of such Note and this Indenture, and (ii) in the case of any extension of time of payment or renewal of any Notes or any of such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, at stated maturity, by acceleration or otherwise. Each Guarantor, by execution of this Sixth Supplemental Indenture, agrees that its obligations hereunder shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of any such Note or the Indenture, any failure to enforce the provisions of any such Note or the Indenture, any waiver, modification or indulgence granted to the Company with respect thereto by the Holder of such Note, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or such Guarantor.

Each Guarantor hereby waives diligence, presentment, demand for payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to any such Note or the Indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee will not be discharged as to any such Note except by payment in full of the principal thereof and interest thereon. Each Guarantor hereby agrees that, as between such Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (i) subject to this Article Six, the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article Six for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Obligations as provided in Article Six, such Obligations (whether or not due and payable) shall forthwith become due and payable by each Guarantor for the purpose of this Guarantee.

SECTION 6.2 Execution and Delivery of Notation of Guarantee.

To further evidence the Guarantee set forth in Section 6.1, each Guarantor hereby agrees that a notation of such Guarantee, substantially in the form included in Exhibit II hereto, shall be endorsed on each Note authenticated and delivered by the Trustee and such Guarantee shall be executed by either manual or facsimile signature of an Officer or an Officer of a general partner, as the case may be, of each Guarantor. The validity and enforceability of any Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

Each of the Guarantors hereby agrees that its Guarantee set forth in Section 6.1 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Guarantee.

If an Officer of a Guarantor whose signature is on this Indenture or a Guarantee no longer holds that office at the time the Trustee authenticates the Note on which such Guarantee is endorsed or at

any time thereafter, such Guarantor's Guarantee of such Note shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of any Guarantee set forth in this Indenture on behalf of the Guarantor.

SECTION 6.3 Limitation of Guarantee.

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of any Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor are limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. Each Guarantor that makes a payment or distribution under a Guarantee shall be entitled to a contribution from each other Guarantor in a pro rata amount based on the assets of each Guarantor.

SECTION 6.4 Release of Guarantor.

A Guarantor shall be automatically and unconditionally released from all of its obligations under its Guarantee:

- (i) in the event of a sale or other transfer of Equity Interests in such Guarantor or dissolution of such Guarantor in compliance with the terms of this Indenture following which such Guarantor ceases to be a Subsidiary;
- (ii) upon such Guarantor ceasing to be a borrower or guarantor under any Senior Credit Facility; or
- (iii) in connection with a discharge of the Indenture or discharge of obligations thereunder pursuant to Sections 1101, 1102, 1103 and 1104, as applicable, of the Indenture; and

in each such case, upon delivery by the Company to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to such transactions have been complied with and that such release is authorized and permitted hereunder.

The Trustee shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the Notes and under this Article Six.

SECTION 6.5 Waiver of Subrogation.

Each Guarantor hereby irrevocably waives any claim or other rights which it may now or hereafter acquire against the Company that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under its Guarantee and this Indenture, including, without limitation, any right of subrogation, reimbursement, exoneration, indemnification, and any right to

participate in any claim or remedy of any Holder of Notes against the Company, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and the Notes shall not have been paid in full, such amount shall have been deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Holders, and shall forthwith be paid to the Trustee for the benefit of such Holders to be credited and applied upon the Notes, whether matured or unmatured, in accordance with the terms of this Indenture. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the waiver set forth in this Section 6.5 is knowingly made in contemplation of such benefits.

ARTICLE SEVEN

SATISFACTION AND DISCHARGE

SECTION 7.1 Satisfaction and Discharge.

Article Eleven of the Original Indenture shall be superseded in its entirety by the following language with respect to, and solely for the benefit of the Holders of the Notes; *provided* that this Article Seven shall not become part of the terms of any other series of Debt Securities:

SECTION 1101 Discharge of Indenture.

The Company may terminate its obligations and the obligations of the Guarantors under the Notes, the Guarantees and this Indenture, except the obligations referred to in the last paragraph of this Section 1101, if

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from this trust, have been delivered to the Trustee for cancellation, or

(2) (a) all Notes not delivered to the Trustee for cancellation otherwise (x) have become due and payable by reason of the mailing of a notice of redemption or otherwise, (y) will become due and payable by reason of the mailing of a notice of redemption or otherwise, or may be called for redemption within one year or (z) have been called for redemption pursuant to Section 4.1 of the Sixth Supplemental Indenture and, in any case, the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds, in trust solely for the benefit of the Holders of Notes, cash in U.S. Dollars, non-callable Government Securities, or a combination thereof, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, and accrued interest through the date of maturity or the Redemption Date; or

(b) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any material instrument to which the Company is a party or by which the Company is bound; or

(c) the Company has paid or caused to be paid all sums payable by it under this Indenture; and

(d) the Company has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the Redemption Date, as the case may be.

In addition, if the Company delivers an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been complied with, the Trustee shall acknowledge in writing the discharge of the Company's and the Guarantors' obligations under the Notes, the Guarantees and this Indenture except for those surviving obligations specified below.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company in Sections 1105 and 1106 shall survive such satisfaction and discharge.

SECTION 1102 Legal Defeasance.

The Company may at its option, by Board Resolution of the Board of Directors of the Company, be discharged from its obligations with respect to the Notes and the Guarantors discharged from their obligations under the Guarantees on the date the conditions set forth in Section 1104 are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company and the Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the Notes and to have satisfied all its other obligations under such Notes and this Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company, shall, subject to Section 1106, execute instruments in form and substance reasonably satisfactory to the Trustee and Company acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders to receive solely from the trust funds described in Section 1104 and as more fully set forth in such Section, payments in respect of the principal of, premium, and interest on such Notes when such payments are due from the trust referred to in Section 1104; (B) the Company's obligations hereunder with respect to such Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust; (C) the rights, powers, trusts, duties, and immunities of the Trustee hereunder (including claims of, or payments to, the Trustee under or pursuant to Section 1101, and the Company's obligations in connection therewith; and (D) this Article Eleven. Subject to compliance with this Article Eleven, the Company may exercise its option under this Section 1102 with respect to the Notes notwithstanding the prior exercise of its option under Section 1103 with respect to the Notes.

SECTION 1103 Covenant Defeasance.

At the option of the Company, pursuant to a Board Resolution of the Board of Directors of the Company, (x) the Company and the Guarantors shall be released from their respective obligations under Section 5.2 through 5.3 of the Sixth Supplemental Indenture (except for obligations mandated by the TIA) and Sections 505 and 506 and (y) clause (3) of Section 601 shall no longer apply with respect to the outstanding Notes on and after the date the conditions set forth in Section 1103 are satisfied (hereinafter, "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that the Company and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section or portion thereof, whether directly or indirectly by reason of any reference elsewhere herein to any such specified Section or portion thereof or by reason of any reference in any such specified Section or portion thereof to any other provision herein

or in any other document, but the remainder of this Indenture and the Notes shall be unaffected thereby.

SECTION 1104 Conditions to Legal Defeasance or Covenant Defeasance.

The following shall be the conditions to application of Section 1102 or Section 1103 to the outstanding Notes:

- (1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes issued thereunder, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars, and non-callable Government Securities, in amounts as will be sufficient (without consideration of any reinvestment of interest), in the opinion of a nationally recognized firm of independent public accountants selected by the Company, to pay the principal of, interest and premium, if any, on the outstanding Notes through the stated maturity or through the applicable Redemption Date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular Redemption Date;
- (2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service, a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Holders and beneficial owners of the respective outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax (including, for greater certainty, withholding tax) on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders and beneficial owners of the respective outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax (including, for greater certainty, withholding tax) on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of such deposit or insofar as Events of Default resulting from insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;
- (6) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and
- (7) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of

Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance set forth in clauses (1) through (6) above (in the case of such Officer's Certificate) or clauses (2) and/or (3) and (5) above (in the case of such Opinion of Counsel) have been complied with.

If the funds deposited with the Trustee to effect Covenant Defeasance are insufficient to pay the principal of and interest on the Notes when due, then the Company's obligations and the obligations of the Guarantors under this Indenture will be revived and no such defeasance will be deemed to have occurred.

SECTION 1105 Deposited Money and Government Securities to Be Held in Trust;
Other Miscellaneous Provisions.

All money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 1104 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent), to the Holders of such Notes, of all sums due and to become due thereon in respect of principal, premium, if any, and accrued interest, but such money need not be segregated from other funds except to the extent required by law.

The Company and the Guarantors shall (on a joint and several basis) pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Securities deposited pursuant to Section 1104 or the principal, premium, if any, and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article Eleven to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time any money or non-callable Government Securities held by it as provided in Section 1104 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 1106 Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. Dollars or non-callable Government Securities in accordance with Section 1101, 1102 or 1103 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and each Guarantor's obligations under this Indenture, the Notes and the Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to this Article Eleven until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Dollars or non-callable Government Securities in accordance with Section 1101, 1102 or 1103, as the case may be; *provided* that if the Company or the Guarantors have made any payment of principal of, premium, if any, or accrued interest on any Notes because of the reinstatement of their obligations, the Company or the Guarantors, as the case may be, shall be subrogated to the rights of the Holders of such Notes to receive such payment from the U.S. Dollars or non-callable Government Securities held by the Trustee or Paying Agent.

SECTION 1107 Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Indenture, all moneys then held by any Paying Agent under the provisions of this Indenture shall, upon written demand of the Company, be paid to the Trustee, or if sufficient moneys have been deposited pursuant to Section 1104, to the Company (or, if such moneys had been deposited by the Guarantors, to such Guarantors), and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

SECTION 1108 Moneys Held by Trustee.

Subject to applicable law, any moneys deposited with the Trustee or any Paying Agent or then held by the Company or the Guarantors in trust for the payment of the principal of, or premium, if any, or interest on any Note that are not applied but remain unclaimed by the Holder of such Note for two years after the date upon which the principal of, or premium, if any, or interest on such Note shall have respectively become due and payable shall be repaid to the Company (or, if appropriate, the Guarantors), or if such moneys are then held by the Company or the Guarantors in trust, such moneys shall be released from such trust; and the Holder of such Note entitled to receive such payment shall thereafter, as an unsecured general creditor, look only to the Company and the Guarantors for the payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; *provided* that the Trustee or any such Paying Agent, before being required to make any such repayment, may, at the expense of the Company and the Guarantors, either mail to each Holder affected, at the address shown in the register of the Notes maintained by the Registrar pursuant to Section 308, or cause to be published once a week for two successive weeks, in a newspaper published in the English language, customarily published each Business Day and of general circulation in the City of New York, New York or the United States, a notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such mailing or publication, any unclaimed balance of such moneys then remaining will be repaid to the Company. After payment to the Company or the Guarantors or the release of any money held in trust by the Company or any Guarantors, as the case may be, Holders entitled to the money must look only to the Company and the Guarantors for payment as general creditors unless applicable abandoned property law designates another Person.

ARTICLE EIGHT

SUPPLEMENTAL INDENTURES

SECTION 8.1 Without Consent of Holders, Company and Trustee May Enter Into Supplemental Indentures for Specified Purposes.

Section 1301 of the Original Indenture shall be amended by adding the following language of new Sections 1301(i), (j) and (k) with respect to the Notes and solely for the benefit of the Holders of the Notes, *provided* that this Article Eight shall not become a part of the terms of any other series of Debt Securities:

- (i) to add a Guarantee of the Notes;
- (j) to release a Guarantor as provided in Section 6.5; and
- (k) to issue Additional Notes under Section 3.1 of the Sixth Supplemental Indenture.

ARTICLE NINE

MISCELLANEOUS

SECTION 9.1 Effect of Sixth Supplemental Indenture.

(1) This Sixth Supplemental Indenture is a supplemental indenture within the meaning of Section 1301 of the Original Indenture, and the Original Indenture shall be read together with this Sixth Supplemental Indenture and shall have the same effect over the Notes, in the same manner as if the provisions of the Original Indenture and this Sixth Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Sixth Supplemental Indenture.

SECTION 9.2 Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 9.3 Successors and Assigns.

All covenants and agreements in this Sixth Supplemental Indenture by the Company, the Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

SECTION 9.4 Severability Clause.

In case any provision in this Sixth Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 9.5 Benefits of Sixth Supplemental Indenture.

Nothing in this Sixth Supplemental Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Sixth Supplemental Indenture.

SECTION 9.6 Conflict.

In the event that there is a conflict or inconsistency between the Original Indenture and this Sixth Supplemental Indenture, the provisions of this Sixth Supplemental Indenture shall control; *provided, however*, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

SECTION 9.7 Governing Law.

THIS SIXTH SUPPLEMENTAL INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF

NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

SECTION 9.8 Trustee.

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Sixth Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture to be duly executed on the date and year first written above.

LIMITED BRANDS, INC.

By: /s/ TIMOTHY J. FABER

Name: Timothy J. Faber

Title: Senior Vice President of Treasury - Mergers and
Acquisitions and Treasurer

[Signature Page to the Sixth Supplemental Indenture]

GUARANTORS:

BATH & BODY WORKS BRAND MANAGEMENT, INC.
BATH & BODY WORKS, LLC
BEAUTYAVENUES, LLC
INTIMATE BRANDS, INC.
INTIMATE BRANDS HOLDING, LLC
LIMITED BRANDS DIRECT FULFILLMENT, INC.
LIMITED BRANDS SERVICE COMPANY, LLC
LIMITED STORE PLANNING, INC.
MAST INDUSTRIES, INC.
VICTORIA'S SECRET DIRECT BRAND MANAGEMENT,
LLC
VICTORIA'S SECRET STORES BRAND
MANAGEMENT, INC.
VICTORIA'S SECRET STORES, LLC

By: /s/ TIMOTHY J. FABER

Name: Timothy J. Faber

Title: Senior Vice President of Treasury - Mergers
and Acquisitions and Treasurer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By: /s/ LINDA GARCIA

Name: Linda Garcia

Title: Vice President

EXHIBIT I

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE (I) BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR (II) BY A NOMINEE OF THE DEPOSITARY OR THE DEPOSITARY TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

LIMITED BRANDS, INC.

5.625% SENIOR NOTE DUE 2022

No. []

\$[]

CUSIP No. 532716 AU1

LIMITED BRANDS, INC., a Delaware corporation, for value received, promises to pay to Cede & Co., or registered assigns, the principal sum of _____ United States Dollars (US\$_____) on February 15, 2022.

Interest Payment Dates: February 15 and August 15.

Regular Record Dates: February 1 and August 1.

Additional provisions of this Note are set forth on the other side of this Note.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

LIMITED BRANDS, INC.

By:

Name:

Title:

Attest:

LIMITED BRANDS, INC.

By:

Name:

Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Indenture. This is one of the Notes of the series designated therein referred to in the within-mentioned

Dated:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

as Trustee

By: _____
Authorized Officer

(Reverse of Note)

5.625% Senior Note due 2022

1. Interest

Limited Brands, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the “Issuer”), for value received, promises to pay interest on the principal amount of this Note (the “Note”) at the rate of 5.625% per annum. The Issuer shall pay interest semi-annually on February 15 and August 15 of each year, commencing August 15, 2012. Interest on the Note shall accrue from the Issue Date or from the most recent Interest Payment Date on which interest has been paid or duly provided for to maturity or early redemption until the principal hereof is due. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The Issuer shall pay interest on overdue principal at the rate borne by the Note, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

2. Method of Payment

The Issuer shall pay interest on the Note (except defaulted interest, which shall be paid pursuant to Section 307 of the Original Indenture) to the Persons who are registered holders at the close of business on the February 1 or August 1 (each, a “Record Date”) next preceding the Interest Payment Date even if Notes are canceled after the applicable Record Date and on or before the Interest Payment Date. The Issuer shall pay principal, premium, if any, interest, and any additional amounts, in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payment of principal (and premium, if any), interest, and any additional amounts, in respect of Notes represented by a Global Security will be made by wire transfer of immediately available funds to the accounts specified by the Depositary. Payments of principal (and premium, if any), interest, and additional amounts, in respect of a certificated Note may be made, at the option of the Issuer, either by wire transfer in immediately available funds to the accounts specified by registered holders as of the relevant Record Dates or (subject to collection) by check mailed to the address of the registered holders as of the relevant Record Dates or at the specified offices of any Paying Agent. Payment of principal in respect of a certificated Note will only be made against presentation and *provided* that payment is made in full, surrender of the appropriate certificate at the specified offices of any Paying Agent.

3. Paying Agent and Registrar

Initially, The Bank of New York Mellon Trust Company, N.A., a national banking association (the “Trustee”), will act as Paying Agent and Registrar with respect to the Notes. The Issuer may appoint and change any Paying Agent or Registrar without notice. The Issuer may act as Paying Agent or Registrar.

4. Indenture

The Issuer issued the Notes under an Indenture, dated as of March 15, 1988, between the Issuer and The Bank of New York, as trustee (the “Base Indenture”), as amended by the first supplemental indenture, dated May 31, 2005 (the “First Supplemental Indenture”), among the Issuer, The Bank of New York, as resigning trustee, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the “Trustee”), as further amended by

the second supplemental indenture, dated July 17, 2007 (the “Second Supplemental Indenture”), between the Issuer and the Trustee, as further amended by the third supplemental indenture, dated May 4, 2010 (the “Third Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee, as further amended by the fourth supplemental indenture, dated January 29, 2011 (the “Fourth Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee, as further amended by the fifth supplemental indenture, dated March 25, 2011 (the “Fifth Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee (the Base Indenture, as amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, the “Original Indenture”), and as further amended by the sixth supplemental indenture (the “Sixth Supplemental Indenture”), dated February 7, 2012, among the Issuer, the guarantors party thereto and the Trustee, which collectively constitutes the indenture governing the Debt Securities (the Original Indenture, as amended by the Sixth Supplemental Indenture, the “Indenture”). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of the Indenture (the “TIA”). The Notes include all terms and provisions of the Indenture, and holders are referred to the Indenture and the TIA for a statement of such terms and provisions. This security is one of a series of securities designated as the 5.625% Senior Notes due 2022 of the Issuer (the “Notes”). Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

The aggregate principal amount at maturity of the Notes which may be authenticated and delivered under the Indenture shall be unlimited. In addition, the aggregate principal amount of Debt Securities of any class or series which may be authenticated and delivered under the Indenture shall be unlimited, *provided* that such Debt Securities shall rank equally with the Notes.

5. Certain Covenants

The Indenture imposes certain limitations on the ability of the Issuer to, among other things, create or incur Liens. The Indenture also imposes limitations on the ability of the Issuer to consolidate or amalgamate with or merge into any other Person or convey, transfer, sell or lease its property or assets substantially as an entirety to any Person.

6. Optional Redemption

The Notes will be redeemable, in whole or in part, at the Issuer's option, at any time from time to time at a redemption price equal to the greater of: (A) 100% of the principal amount of the Notes to be redeemed and (B) the sum of the present values of the remaining scheduled payments of principal and interest thereon to maturity discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 50 basis points, plus accrued interest thereon to Redemption Date.

Prior to February 15, 2015, the Issuer may, with the net proceeds of one or more Qualified Equity Offerings, redeem up to 35% of the aggregate principal amount at maturity of the outstanding Notes (including Additional Notes) at a redemption price equal to 105.625% of the principal amount thereof (the “Redemption Price”), plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date; *provided* that at least 65% of the principal amount at maturity of Notes issued under this Indenture remains outstanding immediately after the occurrence of any such redemption (excluding Notes held by the Issuer or its Subsidiaries) and that any such redemption occurs within 90 days following the closing of any such Qualified Equity Offering.

Unless the Company defaults in payment of the Redemption Price, on or after the Redemption Date, interest will cease to accrue on the Notes or portions thereof called for redemption.

The provisions of Article Four of the Original Indenture shall apply in the case of a redemption pursuant to this Section 6.

7. Sinking Fund

The Notes will not be entitled to the benefit of any mandatory redemption or sinking fund.

8. Notice of Redemption

Notice of redemption will be mailed by first-class mail, postage prepaid, at least 30 days but not more than 60 days before the Redemption Date to each registered holder of Debt Securities to be redeemed at such holder's registered address. Notes in denominations larger than \$2,000 may be redeemed in part but only in whole multiples of \$1,000. If money sufficient to pay the Redemption Price of and accrued and unpaid interest, including premium, if any, on all Debt Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Debt Securities (or such portions thereof) called for redemption.

9. Offers to Purchase

The Indenture provides that upon the occurrence of a Change of Control Triggering Event and subject to further limitations contained therein, the Issuer shall make an offer to purchase outstanding Notes in accordance with the procedures set forth in Section 5.5 the Sixth Supplemental Indenture.

10. Denominations: Transfer, Exchange

The Notes are in fully registered form without coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. A registered holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements or transfer documents. No service charge shall be made for any registration of transfer or exchange, but the Issuer or the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith permitted by the Indenture.

11. Persons Deemed Owners

The registered holder of this Note may be treated as the owner of it for all purposes.

12. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee will pay the money back to the Issuer at its written request. After that, Holders entitled to the money must look to the Issuer for payment as general creditors unless an "abandoned property" law designates another Person.

13. Discharge and Defeasance

Subject to certain conditions and limitations set forth in the Indenture, the Issuer may

terminate some of or all its obligations under the Notes and the Indenture if the Issuer deposits with the Trustee money or U.S. Government Obligations for the payment of principal of, premium, if any, and interest, on, the Notes to redemption or maturity, as the case may be.

14. Modification and Waiver

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders under the Indenture at any time by the Issuer and the Trustee with the consent of the holders of at least a majority in aggregate principal amount of Notes at the time outstanding of each series which is affected by such amendment or modification voting as one class, except that certain amendments specified in the Indenture may be made without approval of holders of the Notes. The Indenture also contains provisions permitting the holders of a majority in aggregate principal amount of the outstanding Debt Securities of any series to waive on behalf of the holders of such series of Debt Securities compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be binding upon such holder and upon all future Holders of this Note and any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

15. Successor Corporation

When a successor corporation assumes all the obligations of its predecessor under the Notes and the Indenture and the transaction complies with the terms of Section 5.1 of the Sixth Supplemental Indenture, the predecessor corporation will, except as provided in Section 5.2, be released from those obligations.

16. Defaults and Remedies

If an Event of Default, other than an Event of Default described in Section 601(e) or 601(f) of the Original Indenture, with respect to the Notes shall have occurred and be continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by notice in writing to the Issuer (and to the Trustee if given by the holders of the Notes), will be entitled to declare all unpaid principal of and accrued interest on the Notes then outstanding to be due and payable immediately. In the case of an Event of Default described in Section 601(e) or 601(f) of the Original Indenture, all unpaid principal of and accrued interest on all Notes then outstanding shall be due and payable immediately without any declaration or other act on the part of the Trustee or the holders of any Notes. Such declaration of acceleration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal of, premium, if any, interest on the Notes) may be waived by the holders of a majority in principal amount of the Notes then outstanding upon the conditions provided in the Indenture.

17. Trustee Dealings with the Issuer

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuer or its Affiliates and, subject to the Indenture, may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

18. Guarantees

The Note will be entitled to the benefits of certain Guarantees made for the benefit of the

Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

19. No Recourse Against Others

No incorporator, shareholder, officer or director, as such, of the Issuer shall have any liability for any obligations, covenants or agreements of the Issuer under the Notes or the Indenture or for any claim based thereon or otherwise in respect thereof. By accepting a Note, each holder expressly waives and releases all such liability. The waiver and release are a condition of, and part of the consideration for, the execution of the Indenture and the issuance of the Notes.

20. Authentication

This Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the other side of this Note.

21. Abbreviations

Customary abbreviations may be used in the name of a holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), COST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

22. Governing Law

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

23. CUSIP Number

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused the CUSIP number to be printed on this Note and has directed the Trustee to use the CUSIP number in notices of redemption as a convenience to holders. No representation is made as to the accuracy of such number either as printed on this Note or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuer will furnish to any holder of Notes upon written request and without charge to the holder a copy of the Indenture and a copy of this Note.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Sign exactly as your name appears on the other side of this Note.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or any part of this Note purchased by the Issuer pursuant to Section 5.5 of the Sixth Supplemental Indenture, check the box:

If you want to have only part of the Note purchased by the Issuer pursuant to Section 5.5 of the Sixth Supplemental Indenture, state the amount you elect to have purchased:

\$
(multiple of \$1,000, but not less than \$2,000)

Date:

Your Signature:

(Sign exactly as your name

appears on the face of this Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The initial principal amount of this Global Security is \$[]. The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Amount of increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease or increase	Signature of authorized signatory of Trustee or Debt Securities Custodian
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NOTATION OF GUARANTEE

Each of the undersigned (the “Guarantors”) hereby jointly and severally unconditionally guarantees, to the extent set forth in the Sixth Supplemental Indenture and subject to the provisions in the Indenture dated as of March 15, 1988 (the “Base Indenture”), between the Issuer and The Bank of New York, as trustee, as amended by the First Supplemental Indenture, dated May 31, 2005 (the “First Supplemental Indenture”), among the Issuer, The Bank of New York, as resigning trustee, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the “Trustee”), as further amended by the Second Supplemental Indenture, dated July 17, 2007 (the “Second Supplemental Indenture”), between the Issuer and the Trustee, as further amended by the Third Supplemental Indenture, dated May 4, 2010 (the “Third Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee, as further amended by the fourth supplemental indenture, dated January 29, 2011 (the “Fourth Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee, as further amended by the fifth supplemental indenture, dated March 25, 2011 (the “Fifth Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee, and as further amended by the sixth supplemental indenture, dated February 7, 2012 (the “Sixth Supplemental Indenture”), among the Issuer, the guarantors party thereto and the Trustee which collectively constitutes the indenture governing the Debt Securities (the Base Indenture, as amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture and Sixth Supplemental Indenture, the “Indenture”), (a) the due and punctual payment of the principal of, and premium, if any, and interest on the Notes, when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, the due and punctual payment of interest on overdue principal of, and premium and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Issuer to the holders or the Trustee, all in accordance with the terms set forth in Article Seven of the Sixth Supplemental Indenture, and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise, all in accordance with the terms set forth in Article Seven of the Sixth Supplemental Indenture.

The obligations of the Guarantors to the holders and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article Six of the Sixth Supplemental Indenture, and reference is hereby made to the Indenture for the precise terms and limitations of this Guarantee. Each holder of the Note to which this Guarantee is endorsed, by accepting such Note, agrees to and shall be bound by such provisions.

[Signatures on Following Pages]

IN WITNESS WHEREOF, each of the Guarantors has caused this Guarantee to be signed by a duly authorized officer.

BATH & BODY WORKS BRAND MANAGEMENT, INC.
BATH & BODY WORKS, LLC
BEAUTYAVENUES, LLC
INTIMATE BRANDS, INC.
INTIMATE BRANDS HOLDING, LLC
LIMITED BRANDS DIRECT FULFILLMENT, INC.
LIMITED BRANDS SERVICE COMPANY, LLC
LIMITED STORE PLANNING, INC.
MAST INDUSTRIES, INC.
VICTORIA'S SECRET DIRECT BRAND MANAGEMENT, LLC
VICTORIA'S SECRET STORES BRAND MANAGEMENT, INC.
VICTORIA'S SECRET STORES, LLC

By:

Name:

Title:

June 1, 2012

To the Board of Directors and Shareholders
of Limited Brands, Inc.:

We are aware of the incorporation by reference in the following Registration Statements of Limited Brands, Inc. and, with respect to the Registration Statement on Form S-3, in the related Prospectus of Limited Brands, Inc.:

Registration Statement (Form S-3 ASR No. 333-170406)
Registration Statement (Form S-4 No. 333-163026)
Registration Statement (Form S-8 No. 33-49871)
Registration Statement (Form S-8 No. 333-110465)
Registration Statement (Form S-8 No. 333-04927)
Registration Statement (Form S-8 No. 333-04941)
Registration Statement (Form S-8 No. 333-118407)
Registration Statement (Form S-8 No. 333-161841)
Registration Statement (Form S-8 No. 333-176588);

of our report dated June 1, 2012 relating to the unaudited consolidated interim financial statements of Limited Brands, Inc. and its subsidiaries that are included in its Form 10-Q for the quarter ended April 28, 2012.

/s/ Ernst & Young LLP

Columbus, Ohio

Section 302 Certification

I, Leslie H. Wexner, certify that:

1. I have reviewed this report on Form 10-Q of Limited Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LESLIE H. WEXNER

Leslie H. Wexner

Chairman and Chief Executive Officer

Date: June 1, 2012

Section 302 Certification

I, Stuart B. Burgdoerfer, certify that:

1. I have reviewed this report on Form 10-Q of Limited Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STUART B. BURGDOERFER

Stuart B. Burgdoerfer
Executive Vice President and
Chief Financial Officer

Date: June 1, 2012

Section 906 Certification

Leslie H. Wexner, the Chairman and Chief Executive Officer, and Stuart B. Burgdoerfer, the Executive Vice President and Chief Financial Officer, of Limited Brands, Inc. (the “Company”), each certifies that, to the best of his knowledge:

- (i) the Quarterly Report of the Company on Form 10-Q dated June 1, 2012 for the period ending April 28, 2012 (the “Form 10-Q”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LESLIE H. WEXNER

Leslie H. Wexner

Chairman and Chief Executive Officer

/s/ STUART B. BURGDOERFER

Stuart B. Burgdoerfer

Executive Vice President and Chief Financial Officer

Date: June 1, 2012