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

FORM 10-K

(Mark One)

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

For the fiscal year ended February 2, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

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)**	**31-1029810** **(I.R.S. Employer Identification No.)**
Three Limited Parkway, P.O. Box 16000, Columbus, Ohio **(Address of principal executive offices)**	**43216** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.50 Par Value	**The New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was: 11,340,755,842.

Number of shares outstanding of the registrant's Common Stock as of March 15, 2013: 288,193,641.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Registrant's 2013 Annual Meeting of Stockholders to be held on May 23, 2013, are incorporated by reference into Part II and Part III.

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PART I

ITEM 1. BUSINESS.

General

We operate in the highly competitive specialty retail business. Founded in 1963 in Columbus, Ohio, we have evolved from an apparel-based specialty retailer to a segment leader focused on women's intimate and other apparel, personal care and beauty categories that make customers feel sexy, sophisticated and forever young. We sell our merchandise through company-owned specialty retail stores in the United States ("U.S."), Canada and the United Kingdom ("U.K."), which are primarily mall-based, and through websites, catalogue and international franchise, license and wholesale partners. We are committed to building a family of the world's best fashion retail brands, offering captivating customer experiences that drive long-term loyalty.

Victoria's Secret

Victoria's Secret, including Victoria's Secret Pink, is the leading specialty retailer of women's intimate and other apparel with fashion-inspired collections, prestige fragrances and cosmetics, celebrated supermodels and world-famous runway shows. We sell our Victoria's Secret products at more than 1,000 Victoria's Secret stores in the U.S., Canada and U.K., through the Victoria's Secret catalogue and online at *www.VictoriasSecret.com*. Additionally, Victoria's Secret brand products are also sold in stores operated by partners under a franchise or wholesale model throughout the world.

Bath & Body Works

Bath & Body Works is one of the leading specialty retailers of home fragrance and personal care products including shower gels, lotions, soaps and sanitizers. We sell our Bath & Body Works products at more than 1,600 Bath & Body Works stores in the U.S. and Canada and online at *www.BathandBodyWorks.com*. Additionally, Bath & Body Works brand products are available at franchise locations throughout the world.

Other Brands

La Senza is a specialty retailer of women's intimate apparel. We sell our La Senza products at more than 150 La Senza stores in Canada and online at *www.LaSenza.com*. Additionally, La Senza has more than 330 stores in 32 countries operating under franchise and licensing arrangements.

Henri Bendel sells upscale accessory products through our New York flagship and 28 other stores, as well as online at *www.HenriBendel.com*.

Acquisitions and Divestitures

Express

In July 2007, we completed the divestiture of 75% of our ownership interest in Express to affiliates of Golden Gate Capital. From May 2010 through July 2011, we sold 10.4 million shares of Express common stock and contributed our remaining 7.2 million shares of common stock to The Limited Brands Foundation.

Limited Stores

In August 2007, we completed the divestiture of 75% of our ownership interest in Limited Stores to affiliates of Sun Capital. In June 2010, we completed the divestiture of our remaining 25% ownership interest in Limited Stores.

Third-party Apparel Sourcing Business

On October 31, 2011, we divested 51% of our ownership interest in our third-party apparel sourcing business to affiliates of Sycamore Partners. We continue to retain a 49% interest which we account for as an equity method investee.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "2012" refers to the 53-week period ending February 2, 2013. "2011", "2010", "2009" and "2008" refer to the 52-week periods ending January 28, 2012, January 29, 2011, January 30, 2010 and January 31, 2009, respectively.

Real Estate

Company-owned Retail Stores

Our company-owned retail stores are located in shopping malls, lifestyle centers and street locations in the U.S., Canada and U.K. As a result of our strong brand and established retail presence, we have been able to lease high-traffic locations in most retail centers in which we operate. Substantially all of our stores were profitable in 2012.

The following table provides the retail businesses and the number of our company-owned retail stores in operation for each business as of February 2, 2013 and January 28, 2012.

	February 2, 2013	January 28, 2012
Victoria's Secret Stores U.S.	1,019	1,017
Bath & Body Works U.S.	1,571	1,587
La Senza Canada (a)	158	230
Bath & Body Works Canada	71	69
Victoria's Secret Canada	26	19
Henri Bendel	29	19
Victoria's Secret U.K.	2	—
Total	2,876	2,941

(a) 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. During the second quarter of 2012, we initiated a second restructuring program to close an additional 41 underperforming stores. Of these stores, 40 were closed as of February 2, 2013. The remaining store closed in February 2013. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

The following table provides the changes in the number of our company-owned retail stores operated for the past five fiscal years:

Fiscal Year	Beginning of Year	Opened	Closed	End of Year
2012	2,941	48	(113)	2,876
2011	2,968	40	(67)	2,941
2010	2,971	44	(47)	2,968
2009	3,014	59	(102)	2,971
2008	2,926	145	(57)	3,014

Franchise, License and Wholesale Agreements

In addition to our company-owned stores, our products are sold at hundreds of franchise and other locations throughout the world. We have agreements with unaffiliated partners to operate Victoria's Secret, Bath & Body Works and La Senza stores throughout the world. Under these agreements, third parties operate stores that sell our products under our brand names. We continue to increase the number of locations under these types of arrangements as part of our efforts to expand internationally.

Our Strengths

We believe the following competitive strengths contribute to our leading market position, differentiate us from our competitors and will drive future growth:

Industry Leading Brands

We believe that our two flagship brands, Victoria's Secret and Bath & Body Works, are highly recognized and others, including Pink and La Senza, exhibit brand recognition which provides us with a competitive advantage. These brands are aspirational at accessible price points and have a loyal customer base. These brands allow us to target markets across the economic spectrum, across demographics and across the world.

- At Victoria's Secret, we market products to the college-age woman with Pink and then transition her into glamorous and sexy product lines, such as Angels, Very Sexy and Body by Victoria. While bras and panties are the core of what we do, these brands also give our customers choices in clothing, accessories, fragrances, personal care, swimwear and athletic attire.
- Bath & Body Works caters to our customers' entire well-being, providing shower gels and lotions, aromatherapy, soaps and sanitizers, home fragrance and personal care accessories.
- In Canada, La Senza is a leader in young women's intimate apparel. La Senza offerings include bras, panties, sleepwear, loungewear and accessories.

In-Store Experience and Store Operations

We view the customers' in-store experience as an important vehicle for communicating the image of each brand. We utilize visual presentation of merchandise, in-store marketing, music and our sales associates to reinforce the image represented by the brands.

Our in-store marketing is designed to convey the principal elements and personality of each brand. The store design, furniture, fixtures and music are all carefully planned and coordinated to create a unique shopping experience. Every brand displays merchandise uniformly to ensure a consistent store experience, regardless of location. Store managers receive detailed plans designating fixture and merchandise placement to ensure coordinated execution of the company-wide merchandising strategy.

Our sales associates and managers are a central element in creating the atmosphere of the stores by providing a high level of customer service.

Product Development, Sourcing and Logistics

We believe a large part of our success comes from frequent and innovative product launches, which include bra launches at Victoria's Secret and La Senza and new fragrance launches at Bath & Body Works. Our merchant, design and sourcing teams have a long history of bringing innovative products to our customers. Additionally, we believe that our sourcing function (Mast Global) has a long and deep presence in the key sourcing markets including those in the United States and Asia, which helps us partner with the best manufacturers and get high quality products quickly.

Experienced and Committed Management Team

We were founded in 1963 and have been led since inception by Leslie H. Wexner. Our senior management team has a wealth of retail and business experience at Limited Brands and other companies such as Neiman Marcus, The Gap, Inc., The Home Depot, Land's End, Levi Strauss and Yum Brands. We believe that we have one of the most experienced management teams in retail.

Additional Information

Merchandise Suppliers

During 2012, we purchased merchandise from approximately 1,000 suppliers located throughout the world. No supplier provided 10% or more of our merchandise purchases.

Distribution and Merchandise Inventory

Most of the merchandise and related materials for our stores are shipped to our distribution centers in the Columbus, Ohio area. We use a variety of shipping terms that result in the transfer of title to the merchandise at either the point of origin or point of destination.

Our policy is to maintain sufficient quantities of inventories on hand in our retail stores and distribution centers to enable us to offer customers an appropriate selection of current merchandise. We emphasize rapid turnover and take markdowns as required to keep merchandise fresh and current.

Information Systems

Our management information systems consist of a full range of retail, financial and merchandising systems. The systems include applications related to point-of-sale, e-commerce, merchandising, planning, sourcing, logistics, inventory management and support systems including human resources and finance. We continue to invest in technology to upgrade core systems to continue to improve our efficiency and accuracy in the production and delivery of merchandise to our stores.

Seasonal Business

Our operations are seasonal in nature and consist of two principal selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters). The fourth quarter, including the holiday season, accounted for approximately one-third of our net sales for 2012, 2011 and 2010 and is typically our most profitable quarter. Accordingly, cash requirements are highest in the third quarter as our inventories build in advance of the holiday season.

Working Capital

We fund our business operations through a combination of available cash and cash equivalents and cash flows generated from operations. In addition, our revolving credit facility is available for additional working capital needs and investment opportunities.

Regulation

We and our products are subject to regulation by various federal, state, local and foreign regulatory authorities. We are subject to a variety of customs regulations and international trade arrangements.

Trademarks and Patents

Our trademarks and patents, which constitute our primary intellectual property, have been registered or are the subject of pending applications in the United States Patent and Trademark Office and with the registries of many foreign countries and/or are protected by common law. We believe our products are identified by our intellectual property and, thus, our intellectual property is of significant value. Accordingly, we intend to maintain our intellectual property and related registrations and vigorously protect our intellectual property assets against infringement.

Segment Information

We have two reportable segments: Victoria's Secret and Bath & Body Works. For the financial results of our reportable segments, see Note 21 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Other Information

For additional information about our business, including our net sales and profits for the last three years and selling square footage, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Competition

The sale of women's intimate and other apparel, personal care and beauty products and accessories through retail stores is a highly competitive business with numerous competitors, including individual and chain specialty stores, department stores and discount retailers. Brand image, marketing, design, price, service, assortment and quality are the principal competitive factors in retail store sales. Our direct response businesses compete with numerous national and regional direct response merchandisers. Image presentation, fulfillment and the factors affecting retail store sales discussed above are the principal competitive factors in direct response sales.

Associate Relations

As of February 2, 2013, we employed approximately 99,400 associates, 79,800 of whom were part-time. In addition, temporary associates are hired during peak periods, such as the holiday season.

Executive Officers of Registrant

Set forth below is certain information regarding our executive officers.

Leslie H. Wexner, 75, has been our Chairman of the Board of Directors for more than thirty-five years and our Chief Executive Officer since our founding in 1963.

Charles C. McGuigan, 56, has been our Chief Operating Officer since May 2012 and our Chief Executive Officer and President of Mast Global since February 2011.

Stuart B. Burgdoerfer, 49, has been our Executive Vice President and Chief Financial Officer since April 2007.

Sharen J. Turney, 56, has been our Chief Executive Officer and President of Victoria's Secret since July 2006.

Nicholas P. M. Coe, 50, has been our Chief Executive Officer and President of Bath & Body Works since August 2011.

Jane L. Ramsey, 55, has been our Executive Vice President, Human Resources, since April 2006.

All of the above officers serve at the discretion of our Board of Directors and are members of our Executive Committee.

Available Information

We are subject to the reporting requirements of the Exchange Act and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). Copies of these reports, proxy statements and other information can be read and copied at:

SEC Public Reference Room
100 F Street NE
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at *www.sec.gov*. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our website at *www.LimitedBrands.com*.

Copies of any of the above-referenced documents will also be made available, free of charge, upon written request to:

Limited Brands, Inc.
Investor Relations Department
Three Limited Parkway, P.O. Box 16000
Columbus, Ohio 43216

ITEM 1A. RISK FACTORS.

We caution that 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 global markets and related risks;
- our relationships with independent licensees and franchisees;
- our direct channel businesses;
- 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 ability to source, distribute and sell goods and materials on a global basis, including risks related to:
  - political instability;
  - duties, taxes and other charges;
  - legal and regulatory matters;
  - volatility in currency exchange rates;
  - local business practices and political issues;
  - potential delays or disruptions in shipping and transportation and related pricing impacts;
  - the disruption of production or distribution 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 or refinance 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 and to protect associated data;

- 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.

The following discussion of risk factors contains “forward-looking statements.” These risk factors may be important to understanding any statement in this Form 10-K, other filings or in any other discussions of our business. The following information should be read in conjunction with Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation and Item 8. Financial Statements and Supplementary Data.

In addition to the other information set forth in this report, the reader should carefully consider the following factors which could materially affect our business, financial condition or future results. The risks described below are not our only risks. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also adversely affect our business, operating results and/or financial condition in a material way.

Our net sales, profit results and cash flow are sensitive to, and may be adversely affected by, general economic conditions, consumer confidence, spending patterns and market disruptions.

Our net sales, profit, cash flows and future growth may be adversely affected by negative local, regional, national or international political or economic trends or developments that reduce the consumers’ ability or willingness to spend, including the effects of national and international security concerns such as war, terrorism or the threat thereof. In addition, market disruptions due to severe weather conditions, natural disasters, health hazards or other major events or the prospect of these events could also impact consumer spending and confidence levels. In particular, our operating results are impacted by factors in the U.S., Canadian and U.K. economies. Purchases of women’s intimate and other apparel, beauty and personal care products and accessories often decline during periods when economic or market conditions are unsettled or weak. In such circumstances, we may increase the number of promotional sales, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our net sales, operating income, cash and inventory levels fluctuate on a seasonal basis.

We experience major seasonal fluctuations in our net sales and operating income, with a significant portion of our operating income typically realized during the fourth quarter holiday season. Any decrease in sales or margins during this period could have a material adverse effect on our results of operations, financial condition and cash flows.

Seasonal fluctuations also affect our cash and inventory levels, since we usually order merchandise in advance of peak selling periods and sometimes before new fashion trends are confirmed by customer purchases. We must carry a significant amount of inventory, especially before the holiday season selling period. If we are not successful in selling inventory, we may have to sell the inventory at significantly reduced prices or may not be able to sell the inventory at all, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our net sales depend on a volume of traffic to our stores and the availability of suitable lease space.

Most of our stores are located in retail shopping areas including malls and other types of retail centers. Sales at these stores are derived, in part, from the volume of traffic in those retail areas. Our stores benefit from the ability of the retail center and other attractions in an area, including “destination” retail stores, to generate consumer traffic in the vicinity of our stores. Sales volume and retail traffic may be adversely affected by economic downturns in a particular area, competition from other retail and non-retail attractions and other retail areas where we do not have stores.

Part of our future growth is significantly dependent on our ability to operate stores in desirable locations with capital investment and lease costs providing the opportunity to earn a reasonable return. We cannot be sure as to when or whether such desirable locations will become available at reasonable costs.

These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Our ability to grow depends in part on new store openings and existing store remodels and expansions.

Our continued growth and success will depend in part on our ability to open and operate new stores and expand and remodel existing stores on a timely and profitable basis. Accomplishing our new and existing store expansion goals will depend upon a number of factors, including the ability to partner with developers and landlords to obtain suitable sites for new and expanded stores at acceptable costs, the hiring and training of qualified personnel, particularly at the store management level, and the integration of new stores into existing operations. There can be no assurance we will be able to achieve our store expansion goals, manage our growth effectively, successfully integrate the planned new stores into our operations or operate our new, remodeled and expanded stores profitably. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Our plans for international expansion include risks that could adversely impact our results and reputation.

We intend to further expand into international markets through license and franchise agreements and/or company-owned stores. The risks associated with our expansion into international markets include difficulties in attracting customers due to a lack of customer familiarity with our brands, our lack of familiarity with local customer preferences and seasonal differences in the market. Further, entry into other markets may bring us into competition with new competitors or with existing competitors with an established market presence. Other risks include general economic conditions in specific countries or markets, disruptions or delays in shipments, changes in diplomatic and trade relationships, political instability and foreign governmental regulation.

We also have risks related to identifying suitable partners as licensees, franchisees or in a similar capacity. In addition, certain aspects of these arrangements are not directly within our control, such as the ability of these third parties to meet their projections regarding store openings and sales. We cannot ensure the profitability or success of our expansion into international markets.

In addition, our results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates. More specifically, an increase in the value of the U.S. dollar relative to other currencies could have an adverse effect on our earnings and our financial condition.

These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Our licensees and franchisees could take actions that could harm our business or brand images.

We have global representation through independently owned stores operated by licensees and franchisees (“partners”). Although we have criteria to evaluate and select prospective partners, the level of control we can exercise over our partners is limited and the quality and success of their operations may be diminished by any number of factors beyond our control. Our partners may not have the business acumen or financial resources necessary to successfully operate stores in a manner consistent with our standards and may not hire and train qualified store managers and other personnel. Our brand image and reputation may suffer materially and our sales could decline if our partners do not operate successfully. These risks could have an adverse effect on our results of operations, financial condition and cash flows.

Our direct channel businesses includes risks that could have an adverse effect on our results.

Our direct operations are subject to numerous risks that could have a material adverse effect on our results. Risks include, but are not limited to, the (a) diversion of sales from our stores, which may impact comparable store sales figures, (b) difficulty in recreating the in-store experience through our direct channels, (c) domestic or international resellers purchasing merchandise and reselling it overseas outside our control, (d) the failure of and risks related to the systems that operate the websites and their related support systems, including computer viruses, theft of customer information, privacy concerns, telecommunication failures and electronic break-ins and similar disruptions, and (e) risks related to the fulfillment of direct-to-consumer orders. Any of these events could have a material adverse effect on our results of operations, financial condition and cash flows.

Our failure to protect our reputation could have a material adverse effect on our brand images.

Our ability to maintain our reputation is critical to our brand images. Our reputation could be jeopardized if we fail to maintain high standards for merchandise quality and integrity. Any negative publicity about these types of concerns may reduce demand for our merchandise. Failure to comply with ethical, social, product, labor and environmental standards, or related political considerations, could also jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts. Failure to comply with local laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial statement information could also hurt our reputation. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation.

Our failure to adequately protect our trade names, trademarks and patents could have a negative impact on our brand images and limit our ability to penetrate new markets.

We believe that our trade names, trademarks and patents are important assets and an essential element of our strategy. We have obtained or applied for federal registration of these trade names, trademarks and patents and have applied for or obtained registrations in many foreign countries. There can be no assurance that we will obtain such registrations or that the registrations we obtain will prevent the imitation of our products or infringement of our intellectual property rights by others. If any third-party copies our products in a manner that projects lesser quality or carries a negative connotation, it could have a material adverse effect on our brand image and reputation as well as our results of operations, financial condition and cash flows.

Our inability to compete favorably in our highly competitive segment of the retail industry could negatively impact our results.

The sale of women's intimate and other apparel, personal care products and accessories is highly competitive. We compete for sales with a broad range of other retailers, including individual and chain specialty stores, department stores and discount retailers. In addition to the traditional store-based retailers, we also compete with direct marketers or retailers that sell similar lines of merchandise and who target customers through direct response channels. Brand image, marketing, design, price, service, quality, image presentation and fulfillment are all competitive factors in both the store-based and direct response channels.

Some of our competitors may have greater financial, marketing and other resources available. In many cases, our competitors sell their products in stores that are located in the same shopping malls as our stores. In addition to competing for sales, we compete for favorable site locations and lease terms in shopping malls.

Increased competition could result in price reductions, increased marketing expenditures and loss of market share, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our inability to remain current with fashion trends and launch new product lines successfully could negatively impact the image and relevance of our brands.

Our success depends in part on management's ability to effectively anticipate and respond to changing fashion preferences and consumer demands and to translate market trends into appropriate, saleable product offerings in advance of the actual time of sale to the customer. Customer demands and fashion trends change rapidly. If we are unable to successfully anticipate, identify or react to changing styles or trends or we misjudge the market for our products or any new product lines, our sales will be lower, potentially resulting in significant amounts of unsold finished goods inventory. In response, we may be forced to increase our marketing promotions or price markdowns. These risks could have a material adverse effect on our brand image and reputation as well as our results of operations, financial condition and cash flows.

We may be adversely impacted by our inability to adequately source, distribute and sell merchandise and other materials on a global basis.

We source merchandise and other materials directly in international markets and in our domestic market. We distribute merchandise and other materials globally to our partners in international locations and to our stores. Many of our imports and exports are subject to a variety of customs regulations and international trade arrangements, including existing or potential duties, tariffs or safeguard quotas. We compete with other companies for production facilities.

We also face a variety of other risks generally associated with doing business on a global basis, such as:

- political instability;
- imposition of duties, taxes and other charges on imports or exports;
- legal and regulatory matters;
- volatility in currency exchange rates;
- local business practice and political issues (including issues relating to compliance with domestic or international labor standards) which may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts;
- potential delays or disruptions in shipping and transportation and related pricing impacts;
- disruption of production or distribution due to labor disputes; and
- changing expectations regarding product safety due to new legislation.

New initiatives may be proposed impacting the trading status of certain countries and may include retaliatory duties or other trade sanctions which, if enacted, could impact our trading relationships with vendors or other parties in such countries.

In addition, significant health hazards, environmental hazards or natural disasters may occur which could have a negative effect on the economies, financial markets and business activity of international markets.

Our future performance will depend upon these and the other factors listed above which are beyond our control and could have a material adverse effect on our results of operations, financial condition and cash flows.

Our stock price may be volatile.

Our stock price may fluctuate substantially as a result of quarter to quarter variations in our actual or projected performance or the financial performance of other companies in the retail industry. In addition, the stock market has experienced price and volume fluctuations that have affected the market price of many retail and other stocks and that have often been unrelated or disproportionate to the operating performance of these companies.

Our failure to maintain our credit rating could negatively affect our ability to access capital and could increase our interest expense.

The credit ratings agencies periodically review our capital structure and the quality and stability of our earnings. A deterioration in our capital structure or the quality and stability of our earnings could result in a downgrade of our credit rating. Any negative ratings actions could constrain the capital available to our company or our industry and could limit our access to funding for our operations. We are dependent upon our ability to access capital at rates and on terms we determine to be attractive. If our ability to access capital becomes constrained, our interest costs will likely increase, which could have a material adverse effect on our results of operations, financial condition and cash flows. Additionally, changes to our credit rating could affect our interest costs.

We may be unable to service or refinance our debt.

Some of our debt agreements contain covenants which require maintenance of certain financial ratios and also, under certain conditions, restrict our ability to pay dividends, repurchase common shares and make other restricted payments as defined in those agreements. Our cash flow from operations provides the primary source of funds for our debt service payments. If our cash flow from operations declines, we may be unable to service or refinance our current debt.

We may be unable to retain key personnel.

We believe we have benefited substantially from the leadership and experience of our senior executives, including Leslie H. Wexner (Chairman of the Board of Directors and Chief Executive Officer). The loss of the services of any of these individuals could have a material adverse effect on our business and prospects. Competition for key personnel in the retail industry is intense and our future success will also depend on our ability to recruit, train and retain other qualified key personnel.

We may be unable to attract, develop and retain qualified employees and manage labor costs.

We believe our competitive advantage is providing a positive, engaging and satisfying experience for each individual customer, which requires us to have highly trained and engaged employees. Our success depends in part upon our ability to attract, develop and retain a sufficient number of qualified employees, including store personnel and talented merchants. The turnover rate in the retail industry is generally high and qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply in some areas. Competition for such qualified individuals or changes in labor and healthcare laws could require us to incur higher labor costs. Our inability to recruit a sufficient number of qualified individuals in the future may delay planned openings of new stores or affect the speed with which we expand. Delayed store openings, significant increases in employee turnover rates or significant increases in labor costs could have a material adverse effect on our results of operations, financial condition and cash flows.

Our manufacturers may not be able to manufacture and deliver products in a timely manner and meet quality standards.

We purchase products through contract manufacturers and importers and directly from third-party manufacturers. Factors outside our control, such as manufacturing or shipping delays or quality problems, could disrupt merchandise deliveries and result in lost sales, cancellation charges or excessive markdowns. In addition, quality problems could result in a product liability judgment or a widespread product recall that may negatively impact our sales and profitability for a period of time depending on product availability, competition reaction and consumer attitudes. Even if the product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertions could adversely impact our reputation with existing and potential customers and our brand image. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Our results may be adversely affected by fluctuations in product input costs.

Product input costs, including manufacturing labor and raw materials, fluctuate. These fluctuations may result in an increase in our production costs. We may not be able to, or may elect not to, pass these increases on to our customers which may adversely impact our profit margins. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Our results may be adversely affected by fluctuations in energy costs.

Energy costs have fluctuated dramatically in the past. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our retail stores and costs to purchase products from our manufacturers. A continual rise in energy costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could have a material adverse effect on our results of operations, financial condition and cash flows.

We may be adversely impacted by increases in costs of mailing, paper and printing.

Postal rate increases and paper and printing costs will affect the cost of our order fulfillment and catalogue and promotional mailings. We rely on discounts from the basic postal rate structure, such as discounts for bulk mailings and sorting. Future paper and postal rate increases could adversely impact our earnings if we are unable to recover these costs or if we are unable to implement more efficient printing, mailing, delivery and order fulfillment systems. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

We self-insure certain risks and may be adversely impacted by unfavorable claims experience.

We are self-insured for various types of insurable risks including associate medical benefits, workers' compensation, property, general liability and automobile up to certain stop-loss limits. Claims are difficult to predict and may be volatile. Any adverse claims experience could have a material adverse effect on our results of operations, financial condition and cash flows.

We significantly rely on our ability to implement and sustain information technology systems and to protect associated data.

Our success depends, in part, on the secure and uninterrupted performance of our information technology systems. Our information technology systems, as well as those of our service providers, are vulnerable to damage from a variety of sources, including telecommunication failures, malicious human acts and natural disasters. Moreover, despite network security measures, some of our servers and those of our service providers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Additionally, these types of problems could result in a breach of confidential customer, merchandise, financial or other important information which could result in damage to our reputation and/or litigation. Despite the precautions we have taken, unanticipated problems may nevertheless cause failures in our information technology systems. Sustained or repeated system failures that interrupt our ability to process orders and deliver products to the stores or impact our consumers ability to access our websites in a timely manner or expose confidential customer, merchandise, financial or other important information could have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, we will make modifications and upgrades to the information technology systems for point-of-sale, e-commerce, merchandising, planning, sourcing, logistics, inventory management and support systems including human resources and finance. Modifications involve replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality. We are aware of inherent risks associated with replacing these systems, including accurately capturing data and system disruptions. Information technology system disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations.

We may fail to comply with regulatory requirements.

We are subject to numerous regulatory requirements. Our policies, procedures and internal controls are designed to comply with all applicable foreign and domestic laws and regulations, including those required by the Sarbanes-Oxley Act of 2002, the Foreign Corrupt Practices Act, the SEC and the New York Stock Exchange (the "NYSE"). Failure to comply with such laws and regulations could have an adverse effect on our reputation, market price of our common stock, results of operations, financial condition and cash flows.

We may be adversely impacted by changes in taxation requirements.

We are subject to income tax in local, national and international jurisdictions. In addition, our products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions. Fluctuations in tax rates and duties and changes in tax legislation or regulation could have a material adverse effect on our results of operations, financial condition and cash flows.

We may be adversely impacted by certain compliance or legal matters.

We along with our third-party business partners are subject to complex compliance and litigation risks. Actions filed against our Company from time to time include commercial, tort, intellectual property, customer, employment, data privacy, securities, anti-corruption and other claims, including purported class action lawsuits. Difficulty can exist in complying with sometimes conflicting regulations in local, national or foreign jurisdictions as well as new or changing regulations that affect how we operate. In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers and shareholders that could have a material adverse effect on our reputation, market price of our common stock, results of operations, financial condition and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following table provides the location, use and size of our distribution, corporate and product development facilities as of February 2, 2013:

Location	Use	Approximate Square Footage
Columbus, Ohio	Corporate, distribution and shipping	6,388,000
Montreal, Quebec, Canada	Office, distribution and shipping	381,000
New York, New York	Office, sourcing and product development/design	479,000
Kettering, Ohio	Call center	94,000
Hong Kong	Office and sourcing	90,000
Various international locations	Office and sourcing	81,000

United States

Our business for both the Victoria's Secret and Bath & Body Works segments is principally conducted from office, distribution and shipping facilities located in the Columbus, Ohio area. Additional facilities are located in New York, New York and Kettering, Ohio.

Our distribution and shipping facilities consist of seven buildings located in the Columbus, Ohio area. These buildings, including attached office space, comprise approximately 6.4 million square feet.

As of February 2, 2013, we operate 2,619 retail stores located in leased facilities, primarily in malls and shopping centers, throughout the U.S. A substantial portion of these lease commitments consists of store leases generally with an initial term of ten years. The leases expire at various dates between 2013 and 2026.

Typically, when space is leased for a retail store in a mall or shopping center, we supply all improvements, including interior walls, floors, ceilings, fixtures and decorations. The cost of improvements varies widely, depending on the design, size and location of the store. In certain cases, the landlord of the property may provide an allowance to fund all or a portion of the cost of improvements, serving as a lease incentive. Rental terms for new locations usually include a fixed minimum rent plus a percentage of sales in excess of a specified amount. We usually pay certain operating costs such as common area maintenance, utilities, insurance and taxes. For additional information, see Note 16 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

International

Canada

We own and lease office, distribution and shipping facilities in the Montreal, Quebec area. Additional leased office facilities are located in Toronto, Ontario.

Our distribution and shipping facilities consist of two buildings located in the Montreal, Quebec area. These buildings, including attached office space, comprise approximately 317,000 square feet. Additionally, we lease additional office facilities in the Montreal area comprised of approximately 64,000 square feet.

As of February 2, 2013, we operate 255 retail stores located in leased facilities, primarily in malls and shopping centers, throughout the Canadian provinces. A substantial portion of these lease commitments consists of store leases generally with an initial term of ten years. The leases expire on various dates between 2013 and 2023.

United Kingdom

As of February 2, 2013, we operate two retail stores in London. We have two additional leases in London related to stores that will open in 2013. These lease commitments consist of store leases with an initial term of ten, fifteen, or thirty-three years that expire on various dates between 2021 and 2045.

Other International

As of February 2, 2013, we also have global representation through the following:

- 339 licensed La Senza stores in 32 countries;
- 38 franchised Bath & Body Works stores in 9 countries;
- 3 franchised Victoria's Secret stores in 2 Middle Eastern countries; and
- 108 independently owned Victoria's Secret Beauty and Accessories stores and various small-format locations in over 50 countries.

We also operate sourcing-related office facilities in various international locations.

ITEM 3. 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. In November 2011, a jury found in favor of the plaintiff and awarded damages of $9 million for infringement from 2007 through 2011 and the trial court awarded future royalty payments through 2015. In January 2013, we appealed the judgment against us with the Court of Appeals for the Federal Circuit. Shortly before our appeal was filed, this Court of Appeals ruled in another proceeding involving a different company, that the patents in our case were invalid. As a result, our appeal has been stayed until the other proceeding has been decided. Based on the decision that the plaintiff's patents are invalid and on our other arguments, we believe the Court of Appeals should grant our appeal. We intend to vigorously defend against this action.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock ("LTD") is traded on the New York Stock Exchange. As of February 2, 2013, there were approximately 43,000 shareholders of record. However, including active associates who participate in our stock purchase plan, associates who own shares through our sponsored retirement plans and others holding shares in broker accounts under street names, we estimate the shareholder base to be approximately 146,000.

The following table provides our quarterly market prices and cash dividends per share for 2012 and 2011:

	Market Price		Cash Dividend per Share	
	High	Low		
2012				
Fourth quarter	$ 52.50	$ 43.72	$ 3.25	(a)
Third quarter	52.20	46.30	1.25	(b)
Second quarter	51.84	40.32	0.25	
First quarter	51.33	40.63	0.25	(c)
2011				
Fourth quarter	$ 44.46	$ 37.57	$ 2.20	(d)
Third quarter	45.45	31.43	0.20	
Second quarter	42.75	35.08	1.20	(e)
First quarter	41.48	28.64	0.20	

(a) In December 2012, our Board of Directors declared a special dividend of $3 per share which was distributed on December 26, 2012 to shareholders of record at the close of business on December 20, 2012.

(b) In August 2012, our Board of Directors declared a special dividend of $1 per share which was distributed on September 7, 2012 to shareholders of record at the close of business on August 23, 2012.

(c) In February 2012, our Board of Directors declared an increase in our quarterly common stock dividend from $0.20 to $0.25 per share.

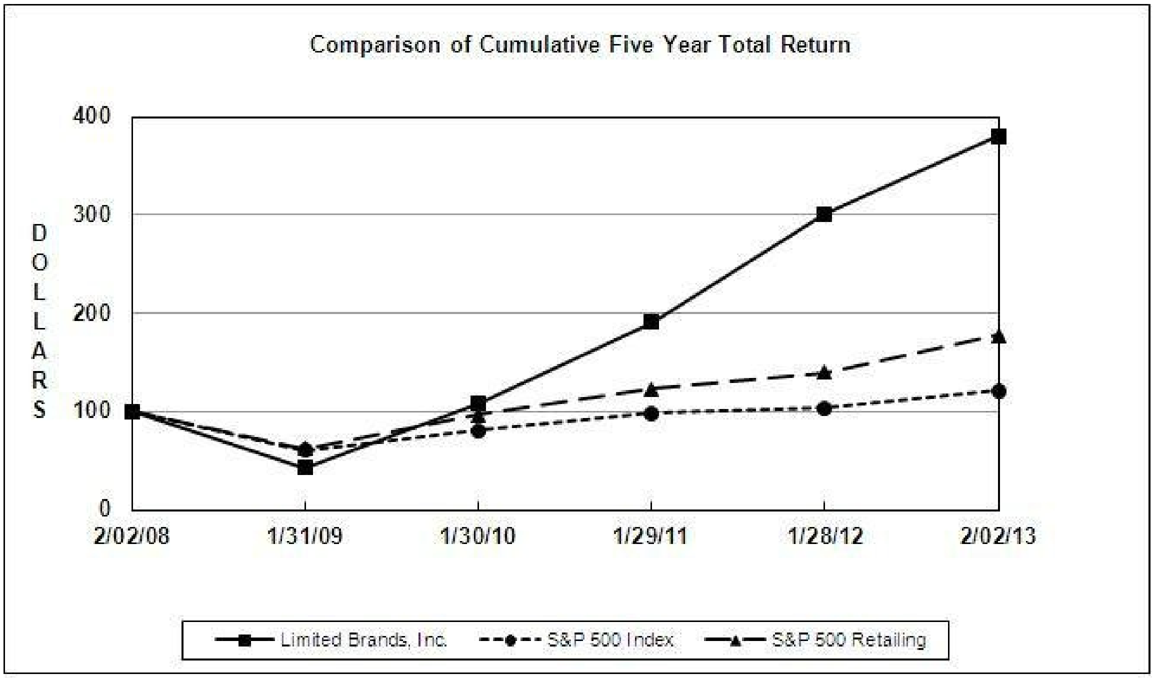
(d) In December 2011, our Board of Directors declared a special dividend of $2 per share which was distributed on December 23, 2011 to shareholders of record at the close of business on December 12, 2011.

(e) In May 2011, our Board of Directors declared a special dividend of $1 per share which was distributed on July 1, 2011 to shareholders of record at the close of business on June 17, 2011.

In February 2013, our Board of Directors declared an increase in our first quarter 2013 common stock dividend from $0.25 to $0.30 per share. The dividend was paid on March 8, 2013 to shareholders of record at the close of business on February 22, 2013 and included the $0.05 per share increase.

The following graph shows the changes, over the past five-year period, in the value of $100 invested in our common stock, the Standard & Poor's 500 Composite Stock Price Index and the Standard & Poor's 500 Retail Composite Index. The plotted points represent the closing price on the last day of the fiscal year indicated.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN (a) (b) (c) (d)
AMONG LIMITED BRANDS, INC., THE S&P 500 INDEX AND THE S&P RETAIL COMPOSITE INDEX



(a) This table represents $100 invested in stock or in index at the closing price on February 2, 2008 including reinvestment of dividends.
(b) The February 2, 2013 cumulative total return includes the $1.00 and $3.00 special dividends in September 2012 and December 2012, respectively.
(c) The January 28, 2012 cumulative total return includes the $1.00 and $2.00 special dividends in May 2011 and December 2011, respectively.
(d) The January 29, 2011 cumulative total return includes the $1.00 and $3.00 special dividends in March 2010 and December 2010, respectively.

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

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share(b)	Total Number of Shares Purchased as Part of Publicly Announced Programs(c)	Maximum Number of Shares (or Approximate Dollar Value) that May Yet be Purchased Under the Programs(c)
	(in thousands)		(in thousands)	
November 2012	140	$ 47.15	108	$ 247,560
December 2012	41	46.87	—	247,560
January 2013	212	45.25	192	238,894
Total	393	46.10	300	

(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 19 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

ITEM 6. SELECTED FINANCIAL DATA.

	Fiscal Year Ended				
	February 2, 2013 (a)	January 28, 2012	January 29, 2011	January 30, 2010	January 31, 2009
			(in millions)		
Summary of Operations					
Net Sales	$ 10,459	$ 10,364	$ 9,613	$ 8,632	$ 9,043
Gross Profit	4,386	4,057	3,631	3,028	3,006
Operating Income (b)	1,573	1,238	1,284	868	589
Net Income (c)	753	850	805	448	220
			(as a percentage of net sales)		
Gross Profit	41.9%	39.1%	37.8%	35.1%	33.2%
Operating Income	15.0%	11.9%	13.4%	10.1%	6.5%
Net Income	7.2%	8.2%	8.4%	5.2%	2.4%
Per Share Results					
Net Income Per Basic Share	$ 2.60	$ 2.80	$ 2.49	$ 1.39	$ 0.66
Net Income Per Diluted Share	$ 2.54	$ 2.70	$ 2.42	$ 1.37	$ 0.65
Dividends per Share	$ 5.00	$ 3.80	$ 4.60	$ 0.60	$ 0.60
Weighted Average Diluted Shares Outstanding (in millions)	297	314	333	327	337
Other Financial Information			(in millions)		
Cash and Cash Equivalents	$ 773	$ 935	$ 1,130	$ 1,804	$ 1,173
Total Assets	6,019	6,108	6,451	7,173	6,972
Working Capital	667	842	1,088	1,928	1,612
Net Cash Provided by Operating Activities	1,351	1,266	1,284	1,174	954
Capital Expenditures	588	426	274	202	479
Long-term Debt	4,477	3,481	2,507	2,723	2,897
Other Long-term Liabilities	818	780	761	731	732
Shareholders' Equity (Deficit)	(1,015)	137	1,476	2,183	1,874
Comparable Store Sales Increase (Decrease) (d)	6%	10%	9%	(4)%	(9)%
Return on Average Assets	12%	14%	12%	6%	3%
Current Ratio	1.4	1.6	1.7	2.5	2.3
Stores and Associates at End of Year					
Number of Stores (e)	2,876	2,941	2,968	2,971	3,014
Selling Square Feet (in thousands) (e)	10,849	10,934	10,974	10,934	10,898
Number of Associates	99,400	97,000	96,500	92,100	90,900

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(a) The fiscal year ended February 2, 2013 ("2012") represents a fifty-three week fiscal year.

(b) Operating income includes the effect of the following items:

(i) In 2012, a $93 million impairment charge related to goodwill and other intangible assets for our La Senza business; a $27 million impairment charge related to long-lived stores assets for our Henri Bendel business; and $14 million of expense associated with the store closure initiative at La Senza.

(ii) In 2011, a $232 million impairment charge related to goodwill and other intangible assets for our La Senza business; a $111 million gain related to the divestiture of 51% of our third-party apparel sourcing business;

$163 million of expense related to the charitable contribution of our remaining shares of Express, Inc. to The Limited Brands Foundation; and $24 million of restructuring expenses at La Senza.

(iii) In 2009, a $9 million pre-tax gain, $14 million net of related tax benefits, associated with the reversal of an accrued contractual liability as a result of the divestiture of a joint venture.

(iv) In 2008, a $215 million impairment charge related to goodwill and other intangible assets for our La Senza business; a $128 million gain related to the divestiture of a personal care joint venture; $23 million of expense related to restructuring activities; and a $19 million impairment charge related to a joint venture.

For additional information on 2012 and 2011 items, see the Notes to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(c) In addition to the items previously discussed in (b), net income includes the effect of the following items:

(i) In 2012, a $13 million gain related to $13 million in cash distributions from certain of our investments in Easton, a 1,300 acre planned community in Columbus, Ohio that integrates office, hotel, retail, residential and recreational space.

(ii) In 2011, a $147 million gain related to the charitable contribution of our remaining shares of Express, Inc. to the Limited Brands Foundation; an $86 million gain related to the sale of Express, Inc. common stock; and $56 million of favorable income tax benefits related to certain discrete tax matters.

(iii) In 2010, a $52 million gain related to the initial public offering of Express including the sale of a portion of our shares; a $49 million pre-tax gain related to a $57 million cash distribution from Express; a $45 million pre-tax gain related to the sale of Express stock; a $25 million pre-tax loss associated with the early retirement of portions of our 2012 and 2014 notes; a $20 million pre-tax gain associated with the sale of our remaining 25% ownership interest in Limited Stores; and a $7 million pre-tax gain related to a dividend payment from Express.

(iv) In 2009, $23 million of favorable income tax benefits in the fourth quarter primarily related to the reorganization of certain foreign subsidiaries and $9 million of favorable income tax benefits in the third quarter primarily due to the resolution of certain tax matters.

(v) In 2008, $15 million of favorable tax benefits in the fourth quarter primarily related to certain discrete foreign and state income tax items and a $13 million pre-tax gain related to a cash distribution from Express.

For additional information on 2012, 2011 and 2010 items, see the Notes to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

The effect of the items described in (b) and (c) above increased (decreased) earnings per share by $(0.38) in 2012, $0.10 in 2011, $0.36 in 2010, $0.14 in 2009 and $(0.40) in 2008.

(d) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store.

(e) Number of stores and selling square feet excludes independently owned La Senza, Bath & Body Works and Victoria's Secret stores operated by licensees and franchisees.

ITEM 7. 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") as codified in the Accounting Standards Codification ("ASC"). The following information should be read in conjunction with our financial statements and the related notes included in Item 8. Financial Statements and Supplementary Data.

Our operating results are generally impacted by changes in the U.S. and Canadian economies and, therefore, we monitor the retail environment using, among other things, certain key industry performance indicators such as the University of Michigan Consumer Sentiment Index (which measures consumers' views on the future course of the U.S. economy), the National Retail Traffic Index (which measures traffic levels in malls nationwide) and National Retail Sales (which reflects sales volumes of 5,000 businesses as measured by the U.S. Census Bureau). These indices provide insight into consumer spending patterns and shopping behavior in the current retail environment and assist us in assessing our performance as well as the potential impact of industry trends on our future operating results. Additionally, we evaluate a number of key performance indicators including comparable store sales, gross profit, operating income and other performance metrics such as sales per average selling square foot and inventory per selling square foot in assessing our performance.

Executive Overview

Strategy

Our strategy supports our mission to build a family of the world's best fashion retail brands offering captivating customer experiences that drive long-term loyalty.

To execute our strategy, we are focused on these key strategic imperatives:

- Grow and maximize profitability of our core brands in current channels and geographies;
- Extend our core brands into new channels and geographies;
- Build enabling infrastructure and capabilities;
- Become the top destination for talent; and
- Return value to our shareholders.

We have a multi-year goal to substantially increase operating margins for our brands through increased sales productivity, merchandise margin expansion and expense control. With regard to merchandise margin expansion, we actively manage our inventory to minimize the level of promotional activity and we will continue to work with our merchandise vendors on innovation, quality, speed and cost. Finally, we have and will continue to optimize our marketing expense by concentrating our expenditures on efficient and return-generating programs. In 2012, we made significant progress towards improving our operating income rate.

The following is a discussion of certain of our key strategic imperatives:

Grow and maximize profitability of our core brands in current channels and geographies

Our overriding focus is on the substantial growth opportunity in North America.

The core of Victoria's Secret is bras and panties. We see clear opportunities for substantial growth in these categories by focusing on product newness and innovation and expanding into under-penetrated market and price segments. In 2013, we plan to increase our square footage at Victoria's Secret by about 3.5% through expansions of existing stores and the opening of approximately 50 new stores. In our direct channel, we have the infrastructure in place to support growth well into the future. We believe our direct channel is an important form of brand advertising given the ubiquitous nature of the internet and our large customer file.

The core of Bath & Body Works is its home fragrance and personal care product lines including shower gels, lotions, soaps and sanitizers which together make up the majority of sales and profits for the business. Additionally, *www.BathandBodyWorks.com* continues to exhibit significant year-over-year growth.

Extend our core brands into new channels and geographies

We began our international expansion with the acquisition of La Senza at the beginning of 2007. Since 2008, we have opened 71 Bath & Body Works stores, 16 Victoria's Secret full assortment stores and 10 Victoria's Secret Pink stores in Canada. Based on the success we have experienced in Canada, we plan to open an additional 8 Bath & Body Works stores and 8 Victoria's Secret stores in Canada in 2013.

We continue to expand our presence outside of North America. In 2012, we accomplished the following:

- Victoria's Secret Beauty and Accessories Stores—Our partners opened 51 net Victoria's Secret Beauty and Accessories stores bringing the total to 108. These stores are principally located in airports and tourist destinations. These stores are focused on Victoria's Secret branded beauty and accessory products and are operated by partners under a franchise or wholesale model. Our partners plan to open an additional 70 to 100 Victoria's Secret Beauty and Accessories stores in 2013.
- Bath & Body Works Franchise Stores—Our partner opened 20 Bath & Body Works stores in the Middle East and Eastern Europe in 2012 bringing the total to 38. Our partner plans to open approximately 20 additional stores in 2013.
- Victoria's Secret Full Assortment Stores—We opened two company-owned Victoria's Secret full assortment stores in London in 2012 including our flagship store on New Bond Street as well as a mall-based store. We plan to open three

additional Victoria's Secret full assortment stores in the U.K. in 2013. Additionally, a partner opened three Victoria's Secret full assortment stores in the Middle East and plans to open two to four more in 2013.

- La Senza Franchise Stores—We ended 2012 with over 330 La Senza franchise stores around the world and our partners plan to expand by an additional 10 to 20 stores in 2013.

Build enabling infrastructure and capabilities

Over the past five years, we have opened a new Direct to Consumer distribution center, launched new merchandise planning systems, new supply chain management systems, new financial and other support systems and a new point-of-sale system in our stores. We are using these capabilities to be able to productively and quickly react to current market conditions, improve inventory accuracy, turnover and in-stock levels and deliver more targeted assortments at the store level. In 2013, we plan to continue to roll out new point-of-sale systems to our stores, continue to build new cross-channel functionality at Victoria's Secret and invest in international support systems.

Return value to our shareholders

We believe in returning value to our shareholders through a combination of dividends and share repurchase programs. During 2012, we paid $1.449 billion in regular and special dividends and repurchased $625 million of our common stock. We use cash flow generated from operating activities, as well as cash flow generated from financing activities, to fund our dividends and share repurchase programs.

2012 Overview

We utilize the retail calendar for reporting. As such, the results for fiscal years 2012, 2011 and 2010 represent the 53-week period ended February 2, 2013 and the 52-week periods ended January 28, 2012 and January 29, 2011, respectively. The 2012 fourth quarter consists of a fourteen week period versus a thirteen week period in 2011. The extra week accounted for approximately $125 million, or 3%, in incremental sales in the fourth quarter.

Our net sales increased $95 million to $10.459 billion driven by a comparable store sales increase of 6%, partially offset by the impact of the divestiture of the third-party apparel sourcing business in the fourth quarter of 2011. Our operating income increased $335 million to $1.573 billion and our operating income rate improved significantly from 11.9% to 15.0%. Our operating income for 2012 and 2011 included $134 million and $308 million, respectively, of special items. For additional information on the special items, see the "Adjusted Financial Information" table below. Excluding these special items, our adjusted operating income increased $161 million to $1.707 billion and our adjusted operating income rate increased to 16.3% from 14.9% in 2012. Our adjusted operating income increase was primarily driven by the strength of our assortments and store selling efforts, coupled with continued disciplined inventory and expense management.

For additional information related to our 2012 financial performance, see "Results of Operations – 2012 Compared to 2011."

During 2012, we focused on the execution of retail fundamentals and initiatives to enable future growth including:

- Inventory levels— We continue to grow inventories slower than sales year over year while maintaining our high in-stock position. Compared to 2011, our inventory per selling square foot ended 2012 up 4% while our 2012 comparable store sales increased 6%.
- Capital expenditures—Our capital expenditures of $588 million included $425 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.
- Cash and liquidity—We generated cash flow from operations of $1.351 billion in 2012 and ended the year with $773 million in cash.

We also accomplished the following in terms of the execution of our business strategy in 2012:

- Significantly improved adjusted operating income and adjusted operating income rate driven primarily by the increase in net sales and related expense leverage;
- Increased sales by 7% and operating income by 10% at Victoria's Secret;
- Increased sales by 9% and operating income by 18% at Bath & Body Works;
- Returned approximately $2.1 billion to our shareholders through share repurchases, special dividends and our ongoing regular dividends. In February 2013, our Board of Directors approved an increase in our 2013 common stock dividend from $1.00 to $1.20 per share;
- Opened two company-owned Victoria's Secret stores in the United Kingdom;

- Continued expansion of company-owned Bath & Body Works and Victoria’s Secret stores in Canada;
- Expansion of Bath & Body Works and Victoria’s Secret stores in the Middle East and Eastern Europe with franchise partners;
- Continued expansion of Victoria’s Secret Beauty and Accessories stores with partners throughout the world; and
- Continued repositioning of the La Senza brand. During the fourth quarter of 2011, we 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. In the second quarter of 2012, we initiated a second restructuring program designed to further resize the La Senza store fleet. We recognized a pre-tax charge consisting of contract termination costs, severance and other costs of $14 million in 2012.

Adjusted Financial Information

In addition to our results provided in accordance with GAAP above and throughout this Form 10-K, we have provided non-GAAP measurements which present operating income, net income and earnings per share in 2012, 2011 and 2010 on an adjusted basis which removes certain special items. We believe that these special items are not indicative of our ongoing operations due to their size and nature. We use adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Instead, we believe that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definition of adjusted financial information may differ from similarly titled measures used by other companies. The table below reconciles the GAAP financial measures to the non-GAAP financial measures. For additional information regarding the special items, see the footnotes to the table in Item 6. Selected Financial Data.

	2012	2011	2010
Detail of Special Items included in Operating Income - Income (Expense)			
La Senza Goodwill and Intangible Asset Impairment Charges	$ (93)	$ (232)	$ —
Henri Bendel Long-lived Store Asset Impairment Charges	(27)	—	—
La Senza Restructuring Charges	(14)	(24)	—
Expense related to Contribution of Express Common Stock to The Limited Brands Foundation	—	(163)	—
Gain on Divestiture of Third-party Apparel Sourcing Business	—	111	—
Total Special Items included in Operating Income	$ (134)	$ (308)	$ —
Detail of Special Items included in Other Income - Income (Expense)			
Gain on Distributions from Easton Investments	$ 13	$ —	$ —
Gain on Sale of Express Common Stock	—	86	45
Gain on Contribution of Express Common Stock to The Limited Brands Foundation	—	147	—
Gain on Express Initial Public Offering	—	—	52
Gain on Distributions from Express	—	—	49
Gain on Sale of Limited Stores Ownership Interest	—	—	20
Loss on Extinguishment of Debt	—	—	(25)
Gain on Express Dividend	—	—	7
Total Special Items included in Other Income	$ 13	$ 233	$ 148
Detail of Special Items included in Provision for Income Taxes - Benefit (Provision)			
Tax effect of Special Items included in Operating Income	$ 12	$ 83	$ —
Tax effect of Special Items included in Other Income	(5)	(31)	(27)
Tax benefit related to favorable resolution of certain discrete income tax matters	—	56	—
Total Special Items included in Provision for Income Taxes	$ 7	$ 108	$ (27)
Reconciliation of Reported Operating Income to Adjusted Operating Income			
Reported Operating Income	$ 1,573	$ 1,238	$ 1,284
Special Items included in Operating Income	134	308	—
Adjusted Operating Income	$ 1,707	$ 1,546	$ 1,284
Reconciliation of Reported Net Income to Adjusted Net Income			
Reported Net Income	$ 753	$ 850	$ 805
Special Items included in Net Income	114	(33)	(121)
Adjusted Net Income	$ 867	$ 817	$ 684
Reconciliation of Reported Earnings Per Share to Adjusted Earnings Per Share			
Reported Earnings Per Share	$ 2.54	$ 2.70	$ 2.42
Special Items included in Earnings Per Share	0.38	(0.10)	(0.36)
Adjusted Earnings Per Share	$ 2.92	$ 2.60	$ 2.06

2013 Outlook

The global retail sector and our business continue to face an uncertain environment and, as a result, we continue to take a conservative stance with respect to 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 and marketing, 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 to customers at accessible prices, are well positioned heading into 2013.

Company-Owned Store Data

The following table compares 2012 company-owned store data to the comparable periods for 2011 and 2010:

				% Change	
	2012	2011	2010	2012	2011
Sales per Average Selling Square Foot					
Victoria's Secret Stores (a)	$ 817	$ 754	$ 663	8%	14%
Bath & Body Works (a)	718	658	620	9%	6%
La Senza (b)	438	409	397	7%	3 %
Sales per Average Store (in thousands)					
Victoria's Secret Stores (a)	$ 4,892	$ 4,463	$ 3,886	10%	15%
Bath & Body Works (a)	1,701	1,561	1,468	9%	6%
La Senza (b)	1,435	1,362	1,333	5%	2 %
Average Store Size (selling square feet)					
Victoria's Secret Stores (a)	6,038	5,941	5,892	2%	1%
Bath & Body Works (a)	2,365	2,374	2,369	— %	— %
La Senza	3,219	3,312	3,343	(3)%	(1)%
Total Selling Square Feet (in thousands)					
Victoria's Secret Stores (a)	6,153	6,042	6,057	2 %	— %
Bath & Body Works (a)	3,716	3,768	3,805	(1)%	(1)%
La Senza (c)	509	762	843	(33)%	(10)%

(a) Metric relates to company-owned stores in the U.S.

(b) Metric relates to company-owned stores in Canada. 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. During the second quarter of 2012, we initiated a second restructuring program to close an additional 41 underperforming stores. Of these stores, 40 were closed as of February 2, 2013. The remaining store closed in February 2013. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

The following table compares 2012 company-owned store data to the comparable periods for 2011 and 2010:

Number of Stores (a)	2012	2011	2010
Victoria's Secret U.S.			
Beginning of Period	1,017	1,028	1,040
Opened	22	8	6
Closed	(20)	(19)	(18)
End of Period	1,019	1,017	1,028
Bath & Body Works U.S.			
Beginning of Period	1,587	1,606	1,627
Opened	4	6	2
Closed	(20)	(25)	(23)
End of Period	1,571	1,587	1,606
La Senza			
Beginning of Period	230	252	258
Opened	—	—	—
Closed (b)	(72)	(22)	(6)
End of Period	158	230	252
Bath & Body Works Canada			
Beginning of Period	69	59	31
Opened	3	10	28
Closed	(1)	—	—
End of Period	71	69	59
Victoria's Secret Canada			
Beginning of Period	19	12	4
Opened	7	8	8
Closed	—	(1)	—
End of Period	26	19	12
Henri Bendel			
Beginning of Period	19	11	11
Opened	10	8	—
Closed	—	—	—
End of Period	29	19	11
Victoria's Secret U.K.			
Beginning of Period	—	—	—
Opened	2	—	—
Closed	—	—	—
End of Period	2	—	—
Total			
Beginning of Period	2,941	2,968	2,971
Opened	48	40	44
Closed	(113)	(67)	(47)
End of Period	2,876	2,941	2,968

(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. During the second quarter of 2012, we initiated a second restructuring program to close an additional 41 underperforming stores. Of these stores, 40 were closed as of February 2, 2013. The remaining store closed in February 2013. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Results of Operations—2012 Compared to 2011

Operating Income

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

	2012	2011	Operating Income Rate 2012	Operating Income Rate 2011
	(in millions)			
Victoria's Secret	$ 1,188	$ 1,081	18.1%	17.7%
Bath & Body Works	604	513	20.8%	19.2%
Other (a) (b) (c) (d) (e) (f)	(219)	(356)	(22.3)%	(22.7)%
Total	$ 1,573	$ 1,238	15.0%	11.9%

(a) Includes our international operations, Mast Global, Henri Bendel and Corporate. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are only included through the first three quarters of 2011. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(b) 2012 and 2011 include $93 million and $232 million, respectively, impairments of goodwill, trade name and other intangible assets at La Senza. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(c) 2012 includes a $27 million impairment of long-lived store assets at Henri Bendel. For additional information, see Note 7 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(d) 2012 and 2011 include $14 million and $24 million, respectively, of expense associated with restructuring activities at La Senza. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(e) 2011 includes $163 million of expense associated with the charitable contribution of shares of Express, Inc. to The Limited Brands Foundation. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(f) 2011 includes an $111 million gain associated with the divestiture of the third-party apparel sourcing business. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

For 2012, operating income increased $335 million to $1.573 billion and the operating income rate increased to 15.0% from 11.9%. Our 2012 and 2011 operating income includes the impact of $134 million and $308 million, respectively, in special items. For additional information, see "Adjusted Financial Information". Excluding these special items, our adjusted operating income increased $161 million to $1.707 billion and the operating income rate increased to 16.3% from 14.9%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2012 in comparison to 2011:

	2012 (b)	2011	% Change
	(in millions)		
Victoria's Secret Stores	$ 4,981	$ 4,564	9%
Victoria's Secret Direct	1,593	1,557	2%
Total Victoria's Secret	6,574	6,121	7%
Bath & Body Works Stores	2,686	2,491	8%
Bath & Body Works Direct	216	183	18%
Total Bath & Body Works	2,902	2,674	9%
Other (a)	983	1,569	(37%)
Total Net Sales	$ 10,459	$ 10,364	1%

(a) Includes our international operations, Mast Global, Henri Bendel and Corporate. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are only included through the first three quarters of 2011. 2011 sales included $702 million attributable to the third-party apparel sourcing business. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(b) We utilize the retail calendar for reporting. As such, the results for fiscal year 2012 represent the 53-week period ended February 2, 2013 and the results for 2011 represent the 52-week period ended January 28, 2012. The extra week accounted for approximately $125 million in incremental net sales in 2012.

The following table provide a reconciliation of net sales for 2011 to 2012:

	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
2011 Net Sales	$ 6,121	$ 2,674	$ 1,569	$ 10,364
Comparable Store Sales	288	162	(7)	443
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	129	33	68	230
Foreign Currency Translation	—	—	(2)	(2)
Direct Channels	36	33	—	69
Mast Global Third-party Sales and Other	—	—	57	57
Divestiture of Third-party Apparel Sourcing Business	—	—	(702)	(702)
2012 Net Sales	$ 6,574	$ 2,902	$ 983	$ 10,459

The following table compares 2012 comparable store sales to 2011:

	2012	2011
Victoria's Secret (a)	7%	14%
Bath & Body Works (a)	7%	6%
Total Comparable Store Sales (a) (b)	6%	10%

(a) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store.

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

For 2012, our net sales increased $95 million to $10.459 billion and comparable store sales increased 6%. The results by segment are as follows:

Victoria's Secret

For 2012, net sales increased $453 million to $6.574 billion and comparable store sales increased 7%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased across most categories including Pink, core lingerie, swimwear and beauty, driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution.
- At Victoria's Secret Direct, net sales increased 2% related to increases in Pink, core lingerie, swimwear, sleepwear and beauty, which were partially offset by a decrease in apparel.

The increase in comparable store sales was driven by an increase in total transactions and higher average dollar sales. Gross demand at Victoria's Secret Direct increased driven primarily by an increase in average order size.

Bath & Body Works

For 2012, net sales increased $228 million to $2.902 billion and comparable store sales increased 7%. The net sales result was primarily driven by:

- At Bath & Body Works Stores, net sales increased across most categories including Signature Collection, home fragrance and soaps and sanitizers which all incorporated newness and innovation.
- At Bath & Body Works Direct, net sales increased with increases across all categories including Signature Collection, home fragrance and soaps and sanitizers.

The increase in comparable store sales was driven by an increase in total transactions and higher average dollar sales. Gross demand at Bath & Body Works Direct increased driven by increases in both orders and average order size.

Other

For 2012, net sales decreased $586 million to $983 million primarily related to the divestiture of the third-party apparel 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 higher revenue from our international wholesale and franchise business, including sales of merchandise to our international partners from Mast Global, new Victoria's Secret stores in Canada and the United Kingdom and new Bath & Body Works stores in Canada.

Gross Profit

For 2012, our gross profit increased $329 million to $4.386 billion and our gross profit rate (expressed as a percentage of net sales) increased to 41.9% from 39.1% primarily as a result of:

Victoria's Secret

For 2012, the gross profit increase was primarily driven by:

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

The gross profit rate was roughly flat driven by a decrease in the buying and occupancy expense rate due to leverage associated with higher net sales partially offset by a decrease in the merchandise margin rate due to increased promotional activity at Victoria's Secret Stores.

Bath & Body Works

For 2012, the gross profit increase was primarily driven by:

- At Bath & Body Works Stores, gross profit increased due to 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 primarily driven by higher occupancy costs related to the increase in net sales and store related activity.
- At Bath & Body Works Direct, 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 higher fulfillment costs associated with the increase in net sales.

The gross profit rate increase was driven primarily by a decrease in the buying and occupancy expense rate due to leverage associated with higher sales.

Other

For 2012, the gross profit increase was primarily driven by higher merchandise margin dollars related to the increase in net sales in our international businesses and increases in net sales to our internal brands from Mast Global. The gross profit increase was partially offset by the divestiture of our third-party apparel sourcing business and a $27 million long-lived store asset impairment charge at Henri Bendel driven by continued negative operating results. The gross profit rate increased significantly due to the divestiture of the third-party apparel sourcing business in the fourth quarter of 2011 which removed lower margin sales, which was partially offset by an increase in the buying and occupancy rate due to the long-lived store asset impairment charge mentioned above.

General, Administrative and Store Operating Expenses

For 2012, our general, administrative and store operating expenses increased $22 million to $2.720 billion primarily driven by an increase in store selling expenses associated with higher sales volumes and increased international expansion. This increase was partially offset by $163 million of expense associated with the charitable contribution to The Limited Brands Foundation in 2011 and $7 million in restructuring charges related to our La Senza business that occurred in the fourth quarter of 2011. The general, administrative and store operating expense rate was flat at 26.0% due to the factors mentioned above.

Impairment of Goodwill and Other Intangible Assets

In the fourth quarter of 2012, we recognized charges totaling $93 million related to the impairment of goodwill, trade name and other intangible assets at La Senza. In the fourth quarter of 2011, we recognized charges totaling $232 million related to the impairment of goodwill, trade name and a lease-related intangible asset at La Senza. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2012 and 2011 Consolidated Statements of Income, respectively. For additional information, see Critical Accounting Policies and Estimates and Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Divestiture of Third-party Apparel Sourcing Business

In the fourth quarter of 2011, we recognized a pre-tax gain of $111 million associated with the divestiture of 51% of our ownership interest in our third-party apparel sourcing business for pre-tax cash proceeds of $124 million. The proceeds are included in Proceeds from Divestiture of Third-party Apparel Sourcing Business within the Investing Activities section on the 2011 Consolidated Statements of Cash Flows. The pre-tax gain is included in Gain on Divestiture of Third-party Apparel Sourcing Business on the 2011 Consolidated Statement of Income. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Other Income and Expenses

Interest Expense

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

	2012	2011
Average daily borrowings (in millions)	$ 4,495	$ 3,364
Average borrowing rate (in percentages)	7.1%	7.3%

For 2012, our interest expense increased $70 million to $316 million 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 2012, our other income decreased $211 million to $24 million primarily due to a $147 million gain related to the charitable contribution of our remaining shares of Express, Inc. to The Limited Brands Foundation completed in July 2011 and an $86 million gain related to the sale of a portion of our shares of Express, Inc. completed in April 2011. This decrease was partially offset by the $13 million gain related to $13 million in cash distributions from certain of our investments in Easton in November 2012 and equity method income from our investment in the third-party apparel sourcing business.

Provision for Income Taxes

For 2012, our effective tax rate increased to 41.2% from 30.7%. The 2012 rate was higher than our combined estimated federal and state statutory rate of 39.0% primarily due to the impairment of La Senza's goodwill and other intangible assets for which no tax benefit was recognized. The 2011 rate was lower than our combined estimated federal and state statutory rate of 39.0% primarily due to the tax benefit associated with our charitable contribution of Express shares to The Limited Brands Foundation as well as the nontaxable foreign portion of the divestiture of our third-party apparel sourcing business.

Results of Operations—Fourth Quarter of 2012 Compared to Fourth 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 fourth quarter of 2012 in comparison to the fourth quarter of 2011:

	Fourth Quarter		Operating Income Rate	
	2012	2011	2012	2011
	(in millions)			
Victoria's Secret	$ 496	$ 447	22.1%	21.4%
Bath & Body Works	398	348	31.8%	30.9%
Other (a) (b) (c) (d) (e)	(106)	(154)	(29.5)%	(51.8)%
Total	$ 788	$ 641	20.4%	18.2%

(a) Includes our international operations, Mast Global, Henri Bendel and Corporate.

(b) 2012 and 2011 include a $93 million and $232 million, respectively, impairment of goodwill, trade name and other intangible assets at La Senza. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(c) 2012 includes a $27 million impairment of long-lived store assets at Henri Bendel. For additional information, see Note 7 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(d) 2011 includes a $111 million gain associated with the divestiture of the third-party apparel sourcing business. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(e) 2011 includes $24 million of expense associated with the restructuring of our La Senza business. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

For the fourth quarter of 2012, operating income increased $147 million to $788 million and the operating income rate increased to 20.4% from 18.2%. The drivers of the operating income results are discussed in the following sections.

Net Sales

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

Fourth Quarter	2012 (b)	2011	% Change
	(in millions)		
Victoria's Secret Stores	$ 1,714	$ 1,572	9%
Victoria's Secret Direct	533	518	3%
Total Victoria's Secret	2,247	2,090	8%
Bath & Body Works Stores	1,157	1,050	10%
Bath & Body Works Direct	93	77	21%
Total Bath & Body Works	1,250	1,127	11%
Other (a)	359	298	20%
Total Net Sales	$ 3,856	$ 3,515	10%

(a) Includes our international operations, Mast Global, Henri Bendel and Corporate.

(b) We utilize the retail calendar for reporting. As such, the results for the fourth quarter of 2012 represent the 14-week period ended February 2, 2013 and the results for the fourth quarter of 2011 represent the 13-week period ended January 28, 2012. The extra week accounted for approximately $125 million in incremental sales in the fourth quarter of 2012.

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

Fourth Quarter	Victoria's Secret	Bath & Body Works	Other	Total
	(in millions)			
2011 Net Sales	$ 2,090	$ 1,127	$ 298	$ 3,515
Comparable Store Sales	50	78	2	130
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	92	29	29	150
Foreign Currency Translation	—	—	6	6
Direct Channels	15	16	—	31
Mast Global Third-party Sales and Other	—	—	24	24
2012 Net Sales	$ 2,247	$ 1,250	$ 359	$ 3,856

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

Fourth Quarter	2012	2011
Victoria's Secret Stores (a)	3%	12%
Bath & Body Works (a)	7%	3%
Total Comparable Store Sales (a) (b)	5%	7%

(a) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store.

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

For the fourth quarter of 2012, our net sales increased $341 million to $3.856 billion and comparable store sales increased 5%. The results by segment are as follows:

Victoria's Secret

For the fourth quarter of 2012, net sales increased $157 million to $2.247 billion and comparable store sales increased 3%. The increase in net sales was primarily driven by:

- At Victoria's Secret Stores, net sales increased across most categories including Pink, core lingerie and sport driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution.
- At Victoria's Secret Direct, net sales increased 3% related to increases in Pink, sport and core lingerie, partially offset by a decrease in apparel.

The increase in comparable store sales was driven by an increase in total transactions and higher average dollar sales. Gross demand at Victoria's Secret Direct increased driven primarily by an increase in average order size.

Bath & Body Works

For the fourth quarter of 2012, net sales increased $123 million to $1.250 billion and comparable store sales increased 7%.

- At Bath & Body Works Stores, net sales increased across most categories including Signature Collection, home fragrance and soaps and sanitizers which all incorporated newness and innovation.
- At Bath & Body Works Direct, net sales increased with increases across all categories including Signature Collection, home fragrance and soaps and sanitizers.

The increase in comparable store sales was driven by an increase in total transactions and higher average dollar sales. Gross demand at Bath & Body Works Direct increased driven by increases in both orders and average order size.

Other

For the fourth quarter of 2012, net sales increased $61 million to $359 million primarily related to higher revenue from our international wholesale and franchise business, including sales of merchandise to our international partners from Mast Global, new Victoria's Secret stores in Canada and the United Kingdom and new Bath & Body Works stores in Canada. This increase was partially offset by a decrease in sales at La Senza due to store closures.

Gross Profit

For the fourth quarter of 2012, our gross profit increased $189 million to $1.717 billion and our gross profit rate (expressed as a percentage of net sales) increased to 44.5% from 43.5% primarily as a result of:

Victoria's Secret

For the fourth quarter of 2012, gross profit increased primarily driven by:

- 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.
- At Victoria's Secret Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales.

The gross profit rate increase was driven primarily by a significant increase in the merchandise margin rate at Victoria's Secret Direct due to decreased promotional activity and leverage on buying and occupancy expenses from the increase in net sales. The gross profit rate increase at Victoria's Secret Direct was partially offset by a gross profit rate decrease at Victoria's Secret Stores primarily due to a decrease in the merchandise margin rate driven by increased promotional activity.

Bath & Body Works

For the fourth quarter of 2012, the gross profit increased primarily driven by:

- At Bath & Body Works 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 driven by higher net sales and store related activity.
- At Bath & Body Works Direct, 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 higher fulfillment costs associated with the increase in net sales.

The gross profit rate increase was driven primarily by an increase in the merchandise margin rate related to decreased promotional activity.

Other

For the fourth quarter of 2012, the gross profit increase was primarily driven by higher merchandise margin dollars related to net sales increases in our international businesses, higher merchandise margin dollars at Mast Global related to net sales increases to our internal brands and the $17 million in restructuring charges at La Senza that occurred in the fourth quarter of 2011. The gross profit increase was partially offset by the $27 million long-lived store asset impairment charge related to Henri Bendel. The gross profit rate increased significantly due to the factors mentioned above.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2012, our general, administrative and store operating expenses increased $71 million to $836 million primarily driven by an increase in store selling expenses driven by higher sales volumes and increased international expansion. This increase was partially offset by the $7 million in restructuring charges related to our La Senza business that occurred in the fourth quarter of 2011.

The general, administrative and store operating expense rate decreased slightly to 21.7% from 21.8% due to the factors cited above.

Impairment of Goodwill and Other Intangible Assets

In the fourth quarter of 2012, we recognized charges totaling $93 million related to the impairment of goodwill, the trade name and other intangible assets at La Senza. In the fourth quarter of 2011, we recognized charges totaling $232 million related to the impairment of goodwill, the trade name and a lease-related intangible asset at La Senza. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2012 and 2011 Consolidated Statements of Income, respectively. For additional information, see Critical Accounting Policies and Estimates and Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Gain on Divestiture of Third-party Apparel Sourcing Business

In the fourth quarter of 2011, we recognized a pre-tax gain of $111 million associated with the divestiture of 51% of our ownership interest in our third-party apparel sourcing business for pre-tax cash proceeds of $124 million. The proceeds are included in Proceeds from Divestiture of Third-party Apparel Sourcing Business within the Investing Activities section on the 2011 Consolidated Statement of Cash Flows. The pre-tax gain is included in Gain on Divestiture of Third-party Apparel Sourcing Business on the 2011 Consolidated Statement of Income. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Other Income and Expense

Interest Expense

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

Fourth Quarter	2012	2011
Average daily borrowings (in millions)	$ 4,484	$ 3,520
Average borrowing rate (in percentages)	7.0%	7.2%

For the fourth quarter of 2012, our interest expense increased $19 million to $82 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 fourth quarter of 2012, our other income increased $3 million to $5 million. The increase was primarily driven by equity method income from our investment in the third-party apparel sourcing business.

Provision for Income Taxes

For the fourth quarter of 2012, our effective tax rate increased to 42.1% from 38.0%. The 2012 rate was higher than our combined estimated federal and state statutory rate of 39.0% primarily due to the impairment of La Senza's goodwill and other intangible assets for which no tax benefit was recognized. The 2011 rate was lower than our combined estimated federal and state statutory rate of 39.0% primarily due to the tax benefit associated with the nontaxable foreign portion of the divestiture of our third-party apparel sourcing business.

Results of Operations—2011 Compared to 2010

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for 2011 in comparison to 2010:

			Operating Income Rate	
	2011	2010	2011	2010
	(in millions)			
Victoria’s Secret	$ 1,081	$ 889	17.7%	16.1%
Bath & Body Works	513	464	19.2%	18.4%
Other (a) (b) (c) (d) (e)	(356)	(69)	(22.7)%	(4.3)%
Total	$ 1,238	$ 1,284	11.9%	13.4%

(a) Includes our international operations including La Senza, Mast Global, Henri Bendel and Corporate. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are only included through the first three quarters of 2011. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(b) 2011 includes a $232 million impairment of goodwill, trade name and a lease-related intangible asset at La Senza. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(c) 2011 includes $163 million of expense associated with the charitable contribution of shares of Express, Inc. to The Limited Brands Foundation. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(d) 2011 includes an $111 million gain associated with the divestiture of the third-party apparel sourcing business. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(e) 2011 includes $24 million of expense associated with the restructuring at La Senza. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

For 2011, operating income decreased $46 million to $1.238 billion and the operating income rate decreased to 11.9% from 13.4%. Our 2011 operating income includes the impact of $308 million in special items. For additional information, see "Adjusted Financial Information". Excluding these special items, our adjusted operating income increased $262 million to $1.546 billion and the operating income rate increased to 14.9% from 13.4%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2011 in comparison to 2010:

	2011	2010	% Change
	(in millions)		
Victoria's Secret Stores	$ 4,564	$ 4,018	14%
Victoria's Secret Direct	1,557	1,502	4%
Total Victoria's Secret	6,121	5,520	11%
Bath & Body Works	2,674	2,515	6%
Other (a)	1,569	1,578	(1%)
Total Net Sales	$ 10,364	$ 9,613	8%

(a) Includes our international operations including La Senza, Mast Global, Henri Bendel and Corporate. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are only included through the first three quarters of 2011. Fourth quarter 2010 sales for the third-party apparel sourcing business were $235 million. For additional information, See Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

The following tables provide a reconciliation of net sales for 2010 to 2011:

	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
2010 Net Sales	$ 5,520	$ 2,515	$ 1,578	$ 9,613
Comparable Store Sales	521	132	(18)	635
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	25	(14)	126	137
Foreign Currency Translation	—	—	20	20
Direct Channels	55	41	—	96
Mast Global Third-party Sales and Other	—	—	(137)	(137)
2011 Net Sales	$ 6,121	$ 2,674	$ 1,569	$ 10,364

The following table compares 2011 comparable store sales to 2010:

	2011	2010
Victoria's Secret (a)	14%	14%
Bath & Body Works (a)	6%	5%
Total Comparable Store Sales (a) (b)	10%	9%

(a) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store.

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

For 2011, our net sales increased $751 million to $10.364 billion and comparable store sales increased 10%. The increase in our net sales was primarily a result of:

Victoria's Secret

For 2011, net sales increased $601 million to $6.121 billion and comparable store sales increased 14%. The net sales result was primarily driven by:

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

The increase in comparable store sales was driven by an increase in total transactions and higher average dollar sales.

Bath & Body Works

For 2011, net sales increased $159 million to $2.674 billion and comparable store sales increased 6%. From a merchandise category perspective, net sales were driven by growth in the Signature Collection, home fragrance and soaps and sanitizers categories partially offset by a decrease in our giftset business. The increase in comparable store sales was driven by an increase in total transactions and a slight increase in average dollar sales.

Other

For 2011, net sales decreased $9 million to $1.569 billion primarily related to the divestiture of the third-party apparel sourcing business in the fourth quarter of 2011. This decrease was partially offset by new Victoria's Secret and Bath & Body Works stores in Canada, revenue from our international wholesale and franchise business and favorable currency fluctuations related to our Canadian businesses.

Gross Profit

For 2011, our gross profit increased $426 million to $4.057 billion and our gross profit rate (expressed as a percentage of net sales) increased to 39.1% from 37.8% primarily as a result of:

Victoria's Secret

For 2011, the gross profit increase was primarily driven by:

- 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 was partially offset by an increase in buying and occupancy expenses primarily driven by higher net sales and store related activity.
- At Victoria's Secret Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. In addition, buying and occupancy expenses decreased primarily due to lower catalogue and fulfillment costs.

The gross profit rate increase was driven primarily by leverage on buying and occupancy expenses from the increase in net sales partially offset by a decrease in the merchandise margin rate due to increased product costs and promotional activity.

Bath & Body Works

For 2011, 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 was flat driven by a decrease in the merchandise margin rate offset by leverage on buying and occupancy expense.

Other

For 2011, the gross profit increase was primarily driven by net sales increases in our Canadian Victoria's Secret and Bath & Body Works stores, increases in Mast Global sales as well as revenue increases from our international wholesale and franchise business. These increases were partially offset by decline in gross profit at La Senza driven by promotional activities and restructuring charges. The gross profit rate increased due to the divestiture of our third-party apparel sourcing business.

General, Administrative and Store Operating Expenses

For 2011, our general, administrative and store operating expenses increased $357 million to $2.698 billion primarily driven by $163 million of expense associated with the charitable contribution to The Limited Brands Foundation. Additionally, store selling and marketing expenses increased related to the increase in net sales, partially offset by a decrease in incentive compensation.

The general, administrative and store operating expense rate increased to 26.0% from 24.4% primarily due to the charitable contribution to The Limited Brands Foundation.

Impairment of Goodwill and Other Intangible Assets

In the fourth quarter of 2011, we recognized charges totaling $232 million related to the impairment of goodwill, trade name, and a lease-related intangible asset at La Senza. In the fourth quarter of 2010, we recognized charges totaling $6 million related to the impairment of a sub-brand trade name at Victoria's Secret. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2011 and 2010 Consolidated Statements of Income, respectively. For additional information, see Critical Accounting Policies and Estimates and Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Divestiture of Third-party Apparel Sourcing Business

In the fourth quarter of 2011, we recognized a pre-tax gain of $111 million associated with the divestiture of 51% of our ownership interest in our third-party apparel sourcing business for pre-tax cash proceeds of $124 million. The proceeds are included in Proceeds from Divestiture of Third-party Apparel Sourcing Business within the Investing Activities section on the 2011 Consolidated Statement of Cash Flows. The pre-tax gain is included in Gain on Divestiture of Third-party Apparel Sourcing Business on the 2011 Consolidated Statement of Income. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2011 and 2010:

	2011	2010
Average daily borrowings (in millions)	$ 3,364	$ 2,562
Average borrowing rate (in percentages)	7.3%	8.1%

For 2011, our interest expense increased $38 million to $246 million. The increase was primarily driven by an increase in average borrowings related to the March 2011 $1 billion note issuance partially offset by decrease in the average borrowing rate.

Other Income

For 2011, our other income increased $60 million to $235 million primarily due to a $147 million gain related to the charitable contribution of our remaining shares of Express, Inc. to The Limited Brands Foundation completed in July 2011 and an $86 million gain related to the sale of a portion of our shares of Express, Inc. completed in April 2011. These 2011 items are partially offset by the following 2010 items:

- a $52 million gain related to the initial public offering of Express including the sale of a portion of our shares;
- a $49 million gain related to a $57 million cash distribution from Express;
- a $45 million gain related to the sale of Express stock;
- a $20 million gain related to the divestiture of our remaining 25% ownership in Limited Stores;
- a $25 million loss on the extinguishment of debt; and
- a $7 million gain related to a dividend payment from Express.

Provision for Income Taxes

For 2011, our effective tax rate decreased to 30.7% from 35.6%. The 2011 rate was lower than our combined estimated federal and state statutory rate of 39.0% primarily due to the tax benefit associated with our charitable contribution of Express shares to The Limited Brands Foundation as well as the nontaxable foreign portion of the divestiture of our third-party apparel sourcing business. The 2010 rate was lower than our combined estimated federal and state statutory rate of 38.5% primarily due to the divestiture of our remaining 25% ownership in Limited Stores, which resulted in the recognition of the capital loss associated with the 2007 divestiture of 75% of our ownership in Limited Stores.

Results of Operations—Fourth Quarter of 2011 Compared to Fourth Quarter of 2010

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for the fourth quarter of 2011 in comparison to the fourth quarter of 2010:

	Fourth Quarter		Operating Income Rate	
	2011	2010	2011	2010
	(in millions)			
Victoria's Secret	$ 447	$ 398	21.4%	21.0%
Bath & Body Works	348	330	30.9%	30.5%
Other (a) (b) (c) (d)	(154)	(14)	(51.8)%	(3.0)%
Total	$ 641	$ 714	18.2%	20.6%

(a) Includes our international operations including La Senza, Mast Global, Henri Bendel and Corporate. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are only included through the first three quarters of 2011. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(b) 2011 includes a $232 million impairment of goodwill, the trade name, and a lease-related intangible asset at La Senza. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(c) 2011 includes a $111 million gain associated with the divestiture of the third-party apparel sourcing business. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

(d) 2011 includes $24 million of expense associated with the restructuring of our La Senza business. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

For the fourth quarter of 2011, operating income decreased $73 million to $641 million and the operating income rate decreased to 18.2% from 20.6%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for the fourth quarter of 2011 in comparison to the fourth quarter of 2010:

Fourth Quarter	2011	2010	% Change
	(in millions)		
Victoria's Secret Stores	$ 1,572	$ 1,393	13%
Victoria's Secret Direct	518	503	3%
Total Victoria's Secret	2,090	1,896	10%
Bath & Body Works	1,127	1,081	4%
Other (a)	298	479	(38)%
Total Net Sales	$ 3,515	$ 3,456	2%

(a) Includes our international operations including La Senza, Mast Global, Henri Bendel and Corporate. In the fourth quarter of 2011, we divested 51% of our third-party apparel sourcing business. As such, results of this business are only included through the first three quarters of 2011. Fourth quarter 2010 sales for the third-party apparel sourcing business were $235 million. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

The following table provides a reconciliation of net sales for the fourth quarter of 2010 to the fourth quarter of 2011:

Fourth Quarter	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
2010 Net Sales	$ 1,896	$ 1,081	$ 479	$ 3,456
Comparable Store Sales	163	33	(7)	189
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	16	—	41	57
Foreign Currency Translation	—	—	(3)	(3)
Direct Channels	15	13	—	28
Mast Global Third-party Sales and Other	—	—	(212)	(212)
2011 Net Sales	$ 2,090	$ 1,127	$ 298	$ 3,515

The following table compares fourth quarter of 2011 comparable store sales to fourth quarter of 2010:

Fourth Quarter	2011	2010
Victoria's Secret Stores (a)	12%	15%
Bath & Body Works (a)	3%	6%
Total Comparable Store Sales (a) (b)	7%	10%

(a) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store.

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

For the fourth quarter of 2011, our net sales increased $59 million to $3.515 billion and comparable store sales increased 7%. The increase in our net sales was primarily as a result of:

Victoria's Secret

For the fourth quarter of 2011, net sales increased $194 million to $2.090 billion and comparable store sales increased 12%. The increase in net sales was primarily driven by:

- At Victoria's Secret Stores, net sales increased across most categories, including Pink, core lingerie, loungewear and beauty driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution.
- At Victoria's Secret Direct, net sales increased 3% related to increases in Pink, apparel, and core lingerie.

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

Bath & Body Works

For the fourth quarter of 2011, net sales increased $46 million to $1.127 billion and comparable store sales increased 3%. From a merchandise category perspective, net sales were driven by growth in the Signature Collection, home fragrance and soaps and sanitizers categories which all incorporated newness and innovation, partially offset by a decline in our giftset business. The increase in comparable store sales was driven by an increase in total transactions partially offset by our slightly lower average dollar sales.

Other

For the fourth quarter of 2011, net sales decreased $181 million to $298 million primarily related to the divestiture of the third-party apparel sourcing business in the fourth quarter of 2011. This decrease was partially offset by new Victoria's Secret and Bath & Body Works stores in Canada and revenue from our international wholesale and franchise business.

Gross Profit

For the fourth quarter of 2011, our gross profit increased $83 million to $1.528 billion and our gross profit rate (expressed as a percentage of net sales) increased to 43.5% from 41.8% primarily as a result of:

Victoria's Secret

For the fourth quarter of 2011, gross profit increased primarily driven by:

- 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 driven by higher net sales and store related activity.
- At Victoria's Secret Direct, gross profit was flat as the decrease in merchandise margin dollars driven by increased product costs and promotional activity was offset by a decrease in buying and occupancy expense.

The gross profit rate was flat driven primarily by leverage on buying and occupancy expenses from the increase in net sales offset by a decrease in the merchandise margin rate from increased product costs and promotional activity.

Bath & Body Works

For the fourth quarter of 2011, the gross profit increase was driven by higher merchandise margin dollars related to the increase in net sales.

The gross profit rate decreased driven by a decrease in the merchandise margin rate related to increased product costs and promotional activity partially offset by a decrease in buying and occupancy expense rate due to leverage associated with higher sales.

Other

For the fourth quarter of 2011, the gross profit decrease was primarily driven by the restructuring charges at La Senza and the divestiture of the third-party apparel sourcing business partially offset by net sales increases in our Canadian Victoria's Secret and Bath & Body Works stores as well as revenue increases from our international wholesale and franchise business. The gross profit rate increased due to 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 fourth quarter of 2011, our general, administrative and store operating expenses increased $40 million to $765 million primarily driven by an increase in store selling expenses and $7 million in restructuring charges related to our La Senza business.

The general, administrative and store operating expense rate increased to 21.8% from 21.0% due to the factors cited above.

Impairment of Goodwill and Other Intangible Assets

In the fourth quarter of 2011, we recognized charges totaling $232 million related to the impairment of goodwill, trade name, and a lease-related intangible asset at La Senza. In the fourth quarter of 2010, we recognized charges totaling $6 million related to the impairment of a sub-brand trade name at Victoria's Secret. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2011 and 2010 Consolidated Statements of Income, respectively. For additional information, see Critical Accounting Policies and Estimates and Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Gain on Divestiture of Third-party Apparel Sourcing Business

In the fourth quarter of 2011, we recognized a pre-tax gain of $111 million associated with the divestiture of 51% of our ownership interest in our third-party apparel sourcing business for pre-tax cash proceeds of $124 million. The proceeds are included in Proceeds from Divestiture of Third-party Apparel Sourcing Business within the Investing Activities section on the 2011 Consolidated Statement of Cash Flows. The pre-tax gain is included in Gain on Divestiture of Third-party Apparel Sourcing Business on the 2011 Consolidated Statement of Income. For additional information, see Note 4 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2011 and 2010:

Fourth Quarter	2011	2010
Average daily borrowings (in millions)	$ 3,520	$ 2,520
Average borrowing rate (in percentages)	7.2%	7.7%

For the fourth quarter of 2011, our interest expense increased $15 million to $63 million primarily driven by an increase in average borrowings related to the March 2011 $1 billion note issuance, partially offset by a decrease in the average borrowing rate.

Other Income

For the fourth quarter of 2011, our other income decreased $51 million to $2 million. The decrease was primarily driven by a $45 million gain related to the sale of Express common stock in 2010 and a $7 million gain related to a dividend payment from Express in 2010.

Provision for Income Taxes

For the fourth quarter of 2011, our effective tax rate increased to 38.0% from 37.0%. The 2011 rate was lower than our combined estimated federal and state statutory rate of 39.0% primarily due to the tax benefit associated with the nontaxable foreign portion of the divestiture of our third-party apparel sourcing business. The 2010 rate was lower than our combined estimated federal and state statutory rate of 38.5% primarily due to the 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.

We believe in returning value to our shareholders through a combination of dividends and share repurchase programs. During 2012, we paid $1.449 billion in regular and special dividends and repurchased $625 million of our common stock. We use cash flow generated from operating activities, as well as cash flow generated from financing activities, to fund our dividends and share repurchase programs.

Our total cash and cash equivalents held by foreign subsidiaries were $351 million as of February 2, 2013. 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 February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(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
$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount (“2019 Notes”)	489	488
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	400	400
Total Senior Unsecured Debt with Subsidiary Guarantee	2,889	1,888
Senior Unsecured Debt		
$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount (“2017 Notes”) (a)	721	724
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033, Less Unamortized Discount (“2033 Notes”)	350	350
$300 million, 7.60% Fixed Interest Rate Notes due July 2037, Less Unamortized Discount (“2037 Notes”)	299	299
5.25% Fixed Interest Rate Notes due November 2014, Less Unamortized Discount (“2014 Notes”) (b)	218	220
6.125% Fixed Interest Rate Notes due December 2012, Less Unamortized Discount (“2012 Notes”)	—	57
Total Senior Unsecured Debt	1,588	1,650
Total	4,477	3,538
Current Portion of Long-term Debt	—	(57)
Total Long-term Debt, Net of Current Portion	4,477	3,481

(a) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $22 million as of February 2, 2013 and $25 million as of January 28, 2012.

(b) The principal balance outstanding was $213 million as of both February 2, 2013 and January 28, 2012. The balances include a fair value interest rate hedge adjustment which increased the debt balance by $5 million as of February 2, 2013 and $7 million as of January 28, 2012.

Issuance of Notes

In May 2010, we issued $400 million of 7.00% notes due in May 2020 utilizing an existing shelf registration under which up to $1 billion of debt securities, common and preferred stock and other securities can be issued. The 2020 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 $390 million, which were net of issuance costs of $10 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 issuance costs of $19 million.

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 could 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 issuance costs of $15 million.

Repurchase of Notes

In May 2010, we used a portion of the proceeds from the 2020 Notes to repurchase $134 million of our 2012 Notes for $144 million. We used the remaining portion of the proceeds from the 2020 Notes to repurchase $266 million of the 2014 Notes for $277 million.

In August 2010, we repurchased $20 million and $1 million of the 2014 Notes and the 2012 Notes, respectively, through open-market transactions.

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 to $1 billion and extended the termination date 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 are 0.325% per annum and the fees related to outstanding letters of credit are 1.75% per annum. In addition, the interest rate on outstanding borrowings is London Interbank Offered Rate (“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 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 February 2, 2013, 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 February 2, 2013, there were no borrowings outstanding under the Revolving Facility.

Letters of Credit

The Revolving Facility supports our letter of credit program. We had $12 million of outstanding letters of credit as of February 2, 2013 that reduce our remaining availability under our amended credit agreements.

Fair Value Interest Rate Swap Arrangements

We had interest rate swap arrangements related to the 2017 Notes with a notional amount of $175 million as of January 28, 2012. The interest rate swap arrangements effectively converted the fixed interest rate on the related debt to a variable interest rate based on a LIBOR plus a fixed interest rate.

The swap arrangements were designated as fair value hedges. The changes in the fair value of the interest rate swaps had 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 was accrued and recognized as an adjustment to interest expense.

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. The carrying value of the 2014 Notes includes $5 million of unamortized hedge settlements at February 2, 2013 which are amortized as a reduction to interest expense through the maturity date of the 2014 Notes.

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. In June 2012, we terminated the remaining interest rate designated fair value hedges related to the 2017 Notes with a notional amount of $175 million. In settlement of these hedges, we received $14 million. The carrying value of the 2017 Notes includes $22 million of unamortized hedge settlements at February 2, 2013 which are amortized as a reduction to interest expense through the maturity date of the 2017 Notes.

For information related to our fair value interest rate swap arrangements, see Note 13 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

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 February 2, 2013, January 28, 2012 and January 29, 2011:

	February 2, 2013	January 28, 2012	January 29, 2011
		(in millions)	
Cash Provided by Operating Activities	$ 1,351	$ 1,266	$ 1,284
Capital Expenditures	588	426	274
Working Capital	667	842	1,088
Capitalization:			
Long-term Debt	4,477	3,481	2,507
Shareholders’ Equity (Deficit)	(1,015)	137	1,476
Total Capitalization	3,462	3,618	3,983
Additional Amounts Under Credit Agreements (a)	1,000	1,000	800
Remaining Amounts Available Under Credit Agreements (a)	988	987	755

(a) 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 $12 million, $13 million and $45 million as of February 2, 2013, January 28, 2012 and January 29, 2011, respectively.

The following table provides certain measures of liquidity and capital resources as of February 2, 2013, January 28, 2012 and January 29, 2011:

	February 2, 2013	January 28, 2012	January 29, 2011
Debt-to-capitalization Ratio (a)	129%	96%	63%
Cash Flow to Capital Investment (b)	230%	297%	468%

(a) Long-term debt divided by total capitalization
(b) Net cash provided by operating activities divided by capital expenditures

Credit Ratings

The following table provides our credit ratings as of February 2, 2013:

	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 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 fiscal years 2012, 2011 and 2010:

		Shares Repurchased			Amount Repurchased			Average Stock Price of Shares Repurchased within Program
Repurchase Program	Amount Authorized	2012	2011	2010	2012	2011	2010	
	(in millions)	(in thousands)			(in millions)			
November 2012 (a)	$ 250	245	NA	NA	$ 11	NA	NA	$ 45.47
February 2012 (b)	500	9,871	NA	NA	450	NA	NA	45.61
November 2011	250	3,657	2,116	NA	164	$ 85	NA	44.90
May 2011	500	NA	13,293	NA	NA	500	NA	37.59
March 2011	500	NA	13,695	NA	NA	500	NA	36.49
November 2010 (c)	200	NA	3,431	1,907	NA	109	$ 60	31.68
March 2010 (d)	200	NA	NA	5,714	NA	NA	147	25.69
Total		13,773	32,535	7,621	$ 625	$ 1,194	$ 207	

(a) The November 2012 repurchase program had $239 million remaining as of February 2, 2013.
(b) The February 2012 repurchase program had $50 million remaining at the time it was cancelled in conjunction with the approval of the November 2012 repurchase program.
(c) 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.
(d) The March 2010 repurchase program had $53 million remaining at the time it was cancelled in conjunction with the approval of the November 2010 repurchase program.
NA Not applicable

There were no share repurchases reflected in Accounts Payable on the 2012 Consolidated Balance Sheet. There were $4 million of share repurchases reflected in Accounts Payable as of January 28, 2012.

Subsequent to February 2, 2013, we repurchased an additional 0.5 million shares of common stock for $24 million under the November 2012 repurchase program. The timing and amount of any repurchase will be made in our discretion taking into account a number of factors, including market conditions.

We use cash flow generated from operating activities, as well as cash flow generated from financing activities, to fund our share repurchase programs.

Dividend Policy and Procedures

Under the authority and declaration of our Board of Directors, we paid the following dividends during the fiscal years 2012, 2011 and 2010:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2012				
Fourth Quarter	$ 0.25	$ 3.00	$ 3.25	$ 942
Third Quarter	0.25	1.00	1.25	361
Second Quarter	0.25	—	0.25	73
First Quarter	0.25	—	0.25	73
2012 Total	$ 1.00	$ 4.00	$ 5.00	$ 1,449
2011				
Fourth Quarter	$ 0.20	$ 2.00	$ 2.20	$ 653
Third Quarter	0.20	—	0.20	60
Second Quarter	0.20	1.00	1.20	367
First Quarter	0.20	—	0.20	64
2011 Total	$ 0.80	$ 3.00	$ 3.80	$ 1,144
2010				
Fourth Quarter	$ 0.15	$ 3.00	$ 3.15	$ 1,017
Third Quarter	0.15	—	0.15	49
Second Quarter	0.15	—	0.15	49
First Quarter	0.15	1.00	1.15	373
2010 Total	$ 0.60	$ 4.00	$ 4.60	$ 1,488

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. We use cash flow generated from operating activities to fund our ordinary dividends and a combination of cash flow generated from operating activities and financing activities to fund our special dividends.

Subsequent to February 2, 2013, our Board of Directors declared our first quarter 2013 common stock dividend of $0.30 per share payable on March 8, 2013 to shareholders of record at the close of business on February 22, 2013. This is a $0.05 increase from our previous quarterly dividends.

Treasury Share Retirement

In December 2011, we retired 39 million shares of our treasury stock to reduce the related administrative expense. The retirement resulted in a reduction of $1.341 billion in Treasury Stock, $19 million in the par value of Common Stock, $286 million in Paid-in Capital and $1.036 billion in Retained Earnings.

Cash Flow

The following table provides a summary of our cash flow activity for the fiscal years ended February 2, 2013, January 28, 2012 and January 29, 2011:

	2012	2011	2010
		(in millions)	
Cash and Cash Equivalents, Beginning of Year	$ 935	$ 1,130	$ 1,804
Net Cash Flows Provided by Operating Activities	1,351	1,266	1,284
Net Cash Flows Used For Investing Activities	(531)	(226)	(106)
Net Cash Flows Used For Financing Activities	(982)	(1,237)	(1,857)
Effect of Exchange Rate Changes on Cash	—	2	5
Net Decrease in Cash and Cash Equivalents	(162)	(195)	(674)
Cash and Cash Equivalents, End of Year	$ 773	$ 935	$ 1,130

Operating Activities

Net cash provided by operating activities in 2012 was $1.351 billion, including net income of $753 million and excess tax benefits from share-based compensation of $116 million. Net income included depreciation and amortization of $389 million, impairment of goodwill and other intangible assets for our La Senza business of $93 million, share-based compensation expense of $73 million and impairment of long-lived store assets for our Henri Bendel business of $27 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 item in working capital was an increase in operating cash flow associated with an increase in income taxes payable of $139 million.

Net cash provided by operating activities in 2011 was $1.266 billion. Net income of $850 million included depreciation and amortization of $391 million, impairment of goodwill and other intangible assets for our La Senza business of $232 million, expense associated with a contribution of our remaining shares of Express, Inc. to The Limited Brands Foundation of $163 million, a gain related to The Limited Brands Foundation contribution of $147 million, a gain related to the divestiture of our third-party apparel sourcing business of $111 million and a pre-tax gain on the sale of Express common stock of $86 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 the increases in accounts receivable and accounts payable related to the divestiture of our third-party apparel sourcing business.

Net cash provided by operating activities in 2010 was $1.284 billion. Net income of $805 million included $394 million of depreciation and amortization. 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 working capital change was a $112 million increase in operating cash flow associated with an increase in accounts payable and accrued expenses and other.

Investing Activities

Net cash used for investing activities in 2012 was $531 million consisting primarily of $588 million of capital expenditures partially offset by the return of capital from the third-party apparel sourcing business and return of capital from our Easton investments of $22 million and $13 million, respectively. The capital expenditures included $425 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 used for investing activities in 2011 was $226 million consisting primarily of $426 million of capital expenditures partially offset by cash proceeds from the divestiture of our third-party apparel sourcing business and the sale of Express common stock of $124 million and $99 million, respectively. The capital expenditures included $281 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 used for investing activities in 2010 was $106 million consisting primarily of $274 million of capital expenditures partially offset by $73 million of proceeds from the sale of Express common stock, $49 million of return of capital from Express and $32 million of proceeds from the divestiture of Limited Stores. The capital expenditures included $168 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.

We anticipate spending approximately $600 to $700 million for capital expenditures in 2013 with the majority relating to opening new stores and remodeling and improving existing stores. We expect to open approximately 80 new stores in 2013, primarily in Canada and the U.S.

Financing Activities

Net cash used for financing activities in 2012 was $982 million consisting primarily of quarterly and special dividends payments aggregating $5.00 per share, or $1.449 billion, repurchases of common stock of $629 million and the repayment of long-term debt of $57 million. These were partially offset by proceeds from the issuance of long-term debt of $985 million (net of issuance costs), excess tax benefits from share-based compensation of $116 million and proceeds from the exercise of stock options of $52 million.

Net cash used for financing activities in 2011 was $1.237 billion consisting primarily of repurchases of common stock of $1.190 billion and quarterly and special dividends payments aggregating $3.80 per share, or $1.144 billion, partially offset by proceeds from the issuance of long-term debt of $981 million (net of issuance costs) and proceeds from the exercise of stock options of $75 million.

Net cash used for financing activities in 2010 was $1.857 billion consisting primarily of quarterly and special dividends payments aggregating $4.60 per share, or $1.488 billion, cash payments of $442 million to repurchase portions of our 2012 and

2014 Notes, cash payments of $207 million related to the repurchase of 8 million shares of common stock during the year at a weighted-average price of $27.21 under our 2010 share repurchase programs, prepayment of the remaining $200 million of our Term Loan in March 2010 and proceeds from the exercise of stock options of $88 million. These were partially offset by the net proceeds of $390 million from the issuance of $400 million of 2020 Notes.

Contingent Liabilities and Contractual Obligations

The following table provides our contractual obligations, aggregated by type, including the maturity profile as of February 2, 2013:

	Payments Due by Period					
	Total	Less Than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Other
	(in millions)					
Long-term Debt (a)	$ 7,344	$ 300	$ 801	$ 1,253	$ 4,990	$ —
Operating Leases Obligations (b)	3,439	527	963	757	1,192	—
Purchase Obligations (c)	1,334	1,179	142	6	7	—
Other Liabilities (d)	458	145	12	2	—	299
Total	$ 12,575	$ 2,151	$ 1,918	$ 2,018	$ 6,189	$ 299

(a) Long-term debt obligations relate to our principal and interest payments for outstanding notes and debentures. Interest payments have been estimated based on the coupon rate for fixed rate obligations. Interest obligations exclude amounts which have been accrued through February 2, 2013. For additional information, see Note 12 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(b) Operating lease obligations primarily represent minimum payments due under store lease agreements. For additional information, see Note 16 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(c) Purchase obligations primarily include purchase orders for merchandise inventory and other agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions.

(d) Other liabilities primarily includes future payments relating to our nonqualified supplemental retirement plan of $228 million which have been reflected under “Other” as the timing of these future payments is not known until an associate leaves the Company or otherwise requests an in-service distribution. In addition, Other Liabilities also includes future estimated payments associated with unrecognized tax benefits. The “Less Than 1 Year” category includes $135 million of these tax items because it is reasonably possible that the payments could change in the next twelve months due to audit settlements or resolution of uncertainties. The remaining portion totaling $72 million is included in the “Other” category as the timing and amount of these payments is not known until the matters are resolved with relevant tax authorities. For additional information, see Notes to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

In connection with the disposition of certain businesses, we have remaining guarantees of approximately $54 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.

The following table details the guaranteed lease payments during the next five fiscal years:

Fiscal Year (in millions)		
2013	$	22
2014		16
2015		9
2016		5
2017		2
Thereafter		—
Total	$	54

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 $36 million as of February 2, 2013 and $49 million as of January 28, 2012. The estimated fair value of these guarantee obligations was $2 million as of February 2, 2013 and $4 million as of January 28, 2012, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets. The decrease in the fair value from January 28, 2012 to February 2, 2013 reflects the decrease in the remaining obligation period.

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 February 2, 2013 and January 28, 2012.

These guarantees are not included within the Contingent Liabilities and Contractual Obligations table.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements as defined by Regulation 229.303 Item 303 (a) (4).

Recently Issued Accounting Pronouncements

Indefinite-Lived Intangible Assets

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* ("ASU 2012-02"), which gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company determines that it is more likely than not that the fair value of such an asset exceeds its carrying amount, it would not need to calculate the fair value of the asset in that year. However, if a company concludes otherwise, it must calculate the fair value of the asset, compare that value with its carrying amount and record an impairment charge, if any. This guidance will be effective beginning in fiscal 2013, however, early adoption is permitted. We adopted this guidance in the fourth quarter of 2012. ASU 2012-02 did not have an impact on our consolidated results of operations, financial position or cash flows.

Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, which amends ASC 220, *Comprehensive Income*. This guidance requires companies to disclose, in one place, information about reclassifications out of accumulated other comprehensive income (AOCI). For significant items reclassified out of AOCI to net income in their entirety in the same reporting period, reporting (either on the face of the statement where net income is presented or in the notes) is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same period, a cross reference to other disclosures currently required under GAAP is required in the notes. This guidance is required to be adopted in fiscal year 2013, however, early adoption is permitted. ASU 2013-02 will not have an impact on our consolidated results of operations, financial position or cash flows. We are currently evaluating the provisions of this ASU.

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. Management has discussed the development and selection of our critical accounting policies and estimates with the Audit Committee of our Board of Directors and believes the following assumptions and estimates are most significant to reporting our results of operations and financial position.

Inventories

Inventories are principally valued at the lower of cost or market, on a weighted-average cost basis.

We record valuation adjustments to our inventories if the cost of inventory on hand exceeds the amount we expect to realize from the ultimate sale or disposal of the inventory. These estimates are based on management's judgment regarding future demand and market conditions and analysis of historical experience. If actual demand or market conditions are different than those projected by management, future period merchandise margin rates may be unfavorably or favorably affected by adjustments to these estimates.

We also record inventory loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory. These estimates are based on management's analysis of historical results and operating trends.

Management believes that the assumptions used in these estimates are reasonable and appropriate. A 10% increase or decrease in the inventory valuation adjustment would have impacted net income by approximately $2 million for 2012. A 10% increase or decrease in the estimated physical inventory loss adjustment would have impacted net income by approximately $2 million for 2012.

Valuation of Long-lived Assets

Property and equipment and intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying value, we recognize a loss equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset. When a decision has been made to dispose of property and equipment prior to the end of the previously estimated useful life, depreciation estimates are revised to reflect the use of the asset over the shortened estimated useful life.

Goodwill is reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, pursuant to ASU 2011-08, *Testing Goodwill for Impairment*, we perform a qualitative assessment to determine whether it is more likely than not that each reporting unit's fair value is less than its carrying value, including goodwill. If we determine that it is more likely than not that the fair value of the reporting unit is less than its carrying value, we then estimate the fair value of all assets and liabilities of that reporting unit, including the implied fair value of goodwill, through either estimated discounted future cash flows or market-based methodologies. If the carrying value of goodwill exceeds the implied fair value, we recognize an impairment charge equal to the difference. Our reporting units are determined in accordance with the provisions of ASC Topic 350, *Intangibles - Goodwill and Other*. Our reporting units that have goodwill are Victoria's Secret Stores, Victoria's Secret Direct, Bath & Body Works and La Senza.

Intangible assets with indefinite lives are reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. Pursuant to ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, we first perform a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If we determine that it is more likely than not that the fair value of the asset is less than its carrying amount, we estimate the fair value, usually determined by the estimated discounted future cash flows of the asset, compare that value with its carrying amount and record an impairment charge, if any.

We estimate the fair value of property and equipment, goodwill and intangible assets in accordance with the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*. If future economic conditions are different than those projected by management, future impairment charges may be required.

La Senza Goodwill and Other Intangible Assets

In conjunction with the January 2007 acquisition of La Senza, we recognized goodwill, trade name and other intangible assets. These assets are included in the La Senza reporting unit which is part of Other in our segment reporting. We have identified the La Senza operating segment as a reporting unit for the goodwill impairment test in accordance with the provisions of ASC 350. As of February 2, 2013, the carrying value of goodwill and trade names for La Senza has been reduced to zero.

2008

In the latter half of 2008, La Senza was negatively impacted by the global economic downturn and the resulting impact on the Canadian retail environment as well as other factors. As a result, La Senza's operating results deteriorated significantly, particularly when compared to our expectations at the time of acquisition. In the fourth quarter of 2008, we concluded that the goodwill and certain trade name assets related to the La Senza acquisition were impaired and recorded impairment charges of $189 million and $26 million related to the goodwill and trade name assets, respectively.

2009

In the fourth quarter of 2009, we concluded that certain trade names would no longer be utilized within the La Senza business. As a result, we recorded an impairment charge of $3 million.

2010

No impairment charges were recorded related to La Senza goodwill and intangible assets.

2011

During 2011, La Senza's operating results failed to meet our expectations, as both comparable store sales and gross profit were below our beginning of year expectations especially in the critical fourth quarter holiday period. In the fourth quarter of 2011, we concluded that the goodwill and certain other intangible assets related to La Senza were impaired and recorded impairment charges of $119 million and $113 million related to the goodwill and other intangible assets, respectively. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2011 Consolidated Statement of Income.

2012

During 2012, La Senza's operating results again failed to meet our expectations, as both comparable store sales and gross profit were below our beginning of year expectations. In the fourth quarter of 2012, we concluded that the goodwill and certain other intangible assets related to La Senza were fully impaired and recorded impairment charges of $12 million and $81 million related to the goodwill and other intangible assets, respectively. These impairment charges reduced the carrying value of these assets to zero and are included in Impairment of Goodwill and Other Intangible Assets on the 2012 Consolidated Statement of Income.

Impairment Testing Methodology—Goodwill

We evaluated La Senza’s goodwill by comparing the carrying value of the La Senza reporting unit to the estimated fair value of the reporting unit determined through estimated discounted future cash flows. We corroborated the estimated fair value of the La Senza reporting unit as determined by our discounted cash flow approach by referencing a market-based methodology.

2010

Our 2010 evaluation indicated that the estimated fair value of the La Senza reporting unit was in excess of the carrying value. As a result, we were not required to calculate the implied value of goodwill and no impairment was recognized.

2011 and 2012

Based on our 2011 and 2012 evaluations, the carrying value of the La Senza reporting unit exceeded the estimated fair value. As a result, we measured the goodwill impairment by comparing the carrying value of the reporting unit’s goodwill to the implied value of the goodwill based on the estimated fair value of the reporting unit, considering the estimated fair value of all assets and liabilities.

Impairment Testing Methodology—Other Intangible Assets

We evaluated the La Senza trade name and other intangible assets by comparing the carrying values to the estimated fair values determined using a relief from royalty and other discounted cash flow methodologies.

2010

Based on our 2010 evaluation, the estimated fair value of the La Senza trade name exceeded the carrying value. Reasonable changes in the significant estimates and assumptions used to determine the estimated fair value would not have resulted in a trade name impairment.

2011

Based on our 2011 evaluation, the carrying value of the La Senza trade name exceeded its estimated fair value. As a result, we recognized an impairment charge of $112 million to reduce the trade name carrying value to estimated fair value. Additionally, we recognized an additional impairment charge of $1 million related to certain lease-related intangible assets.

2012

Based on our 2012 evaluation, the La Senza trade name was fully impaired. As a result, we recognized an impairment charge of $75 million to reduce the trade name carrying value to zero. Additionally, we recognized an additional impairment charge of $6 million related to certain finite-lived customer relationship intangible assets.

Significant Estimates and Assumptions

Our determination of the estimated fair value of the La Senza reporting unit and other intangible assets requires significant judgments about economic factors, industry factors, our views regarding the future prospects of the La Senza reporting unit as well as numerous estimates and assumptions that are highly subjective. The estimates and assumptions critical to the overall fair value estimates include: (i) estimated future cash flow generated by La Senza; (ii) the terminal value assumption used in the discounted cash flow methodologies; and (iii) the royalty rate assumption used in the relief from royalty valuation methodology. These and other estimates and assumptions are impacted by economic conditions and expectations of management and may change in the future based on period-specific facts and circumstances.

Sensitivity Analysis

The following provides sensitivities to our 2012 significant estimates and assumptions as noted above:

- a 10% increase in estimated future cash flows would decrease the impairment charges by $12 million.
- a 10% increase in the terminal value assumption would decrease the impairment charges by $9 million.

Other Impairment

In the fourth quarter of 2010, we concluded that a sub-brand trade name would no longer be utilized within the Victoria's Secret business. We compared the estimated fair value of the trade name using a relief from royalty methodology to the carrying value and concluded that the trade name was fully impaired. As a result, we recognized an impairment charge of $6 million. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2010 Consolidated Statement of Income.

In the fourth quarter of 2012, we concluded that the continued negative operating results of the Henri Bendel business were an indicator of potential impairment of the Henri Bendel long-lived store assets. We calculated the impairment by comparing the estimated discounted cash flows at the individual store level to its respective carrying value and recognized an impairment charge of $27 million. This impairment charge is included in Cost of Goods Sold, Buying & Occupancy on the 2012 Consolidated Statement of Income.

Claims and Contingencies

We are subject to various claims and contingencies related to lawsuits, insurance, regulatory and other matters arising out of the normal course of business. Our determination of the treatment of claims and contingencies in the Consolidated Financial Statements is based on management's view of the expected outcome of the applicable claim or contingency. We consult with legal counsel on matters related to litigation and seek input from both internal and external experts within and outside our organization with respect to matters in the ordinary course of business. We accrue a liability if the likelihood of an adverse outcome is probable and the amount is reasonably estimable. If the likelihood of an adverse outcome is only reasonably possible (as opposed to probable), or if an estimate is not reasonably determinable, disclosure of a material claim or contingency is disclosed in the Notes to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, taxes currently payable or refundable are accrued and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in our Consolidated Statement of Income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

Significant judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. In determining our provision for income taxes, we use an annual effective income tax rate based on annual income, permanent differences between book and tax income and statutory income tax rates. We adjust the annual effective income tax rate as additional information on outcomes or events becomes available. Our effective income tax rate is affected by items including changes in tax law, the tax jurisdiction of new stores or business ventures and the level of earnings.

We follow the authoritative guidance included in ASC Topic 740, *Income Taxes*, which contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. Our policy is to include interest and penalties related to uncertain tax positions in income tax expense.

Our income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. These audits include questions regarding our tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. At any one time, multiple tax years are subject to audit by the various tax authorities. A number of years may elapse before a particular matter for which we have established an accrual is audited and fully resolved or clarified. We adjust our tax contingencies accrual and income tax provision in the period in which matters are effectively settled with tax authorities at amounts different from our established accrual, when the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available.

Although we believe that our estimates are reasonable, actual results could differ from these estimates resulting in a final tax outcome that may be materially different from that which is reflected in our Consolidated Financial Statements.

Revenue Recognition

Company-owned Stores and Direct Channels

While our recognition of revenue does not involve significant judgment, revenue recognition represents an important accounting policy for our organization. We recognize revenue upon customer receipt of the merchandise. We also provide a reserve for projected merchandise returns based on prior experience. For direct channel revenues, we estimate shipments that have not been received by the customer based on shipping terms and historical delivery times.

All of our brands sell gift cards with no expiration dates to customers in retail stores, through our direct channels and through third parties. We do not charge administrative fees on unused gift cards. We recognize income from gift cards when they are redeemed by the customer. In addition, we recognize income on unredeemed gift cards when we can determine that the likelihood of the gift card being redeemed is remote and there is no legal obligation to remit the unredeemed gift cards to relevant jurisdictions (gift card breakage). We determine the gift card breakage rate based on historical redemption patterns. Gift card breakage is included in Net Sales in our Consolidated Statements of Income.

Franchise and Other

We also recognize revenues associated with franchise and wholesale arrangements. Revenue recognized under franchise arrangements generally consists of royalties earned upon sale of merchandise by franchisees to third-party customers. Revenue is generally recognized under wholesale arrangements at the time the title passes to the customer.

We recognize revenue associated with merchandise sourcing and production services provided to third parties. Revenue is recognized at the time the title passes to the customer.

ITEM 7A. 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 Canadian operations 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 our Canadian 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 February 2, 2013 has fixed interest rates. 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.

We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. As of February 2, 2013, we have no outstanding interest rate swap arrangements related to our long-term debt.

Fair Value of Financial Instruments

As of February 2, 2013, 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 February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Long-term Debt (a):		
Carrying Value	$ 4,477	$ 3,538
Fair Value, Estimated (b)	5,023	3,849
Cross-currency Swap Arrangements (c)	59	60
Fixed-to-Floating Interest Rate Swap Arrangements (c)	—	(14)

(a) The increase in the long-term debt is related to the issuance of the February 2022 Notes.
(b) The estimated fair value is based on reported transaction 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.

Concentration of Credit Risk

We maintain cash and cash equivalents and derivative contracts with various major financial institutions. We monitor the relative credit standing of financial institutions with whom we transact and limit the amount of credit exposure with any one entity. 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.

We also periodically review the relative credit standing of franchise, license and wholesale partners and other entities to which we grant credit terms in the normal course of business.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

LIMITED BRANDS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Our fiscal year ends on the Saturday closest to January 31. Fiscal years are designated in the Consolidated Financial Statements and Notes by the calendar year in which the fiscal year commences. The results for fiscal years 2012 refers to the 53-week period ended February 2, 2013, and 2011 and 2010 represent the 52-week periods ending January 28, 2012 and January 29, 2011, respectively.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of February 2, 2013. In making this assessment, management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria).

Based on our assessment and the COSO criteria, management believes that the Company maintained effective internal control over financial reporting as of February 2, 2013.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting. Ernst & Young LLP's report appears on the following page and expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of February 2, 2013.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Shareholders of Limited Brands, Inc.:

We have audited Limited Brands, Inc. and subsidiaries' internal control over financial reporting as of February 2, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Limited Brands, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Limited Brands, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of February 2, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of Limited Brands, Inc. and subsidiaries as of February 2, 2013 and January 28, 2012, and the related Consolidated Statements of Income, Comprehensive Income, Total Equity, and Cash Flows for each of the three years in the period ended February 2, 2013 of Limited Brands, Inc. and subsidiaries, and our report dated March 22, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio
March 22, 2013

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

The Board of Directors and Shareholders of Limited Brands, Inc.:

We have audited the accompanying Consolidated Balance Sheets of Limited Brands, Inc. and subsidiaries as of February 2, 2013 and January 28, 2012, and the related Consolidated Statements of Income, Comprehensive Income, Total Equity, and Cash Flows for each of the three years in the period ended February 2, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Limited Brands, Inc. and subsidiaries at February 2, 2013 and January 28, 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 2, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Limited Brands, Inc. and subsidiaries' internal control over financial reporting as of February 2, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 22, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio
March 22, 2013

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions except per share amounts)

	2012	2011	2010
Net Sales	$ 10,459	$ 10,364	$ 9,613
Costs of Goods Sold, Buying and Occupancy	(6,073)	(6,307)	(5,982)
Gross Profit	4,386	4,057	3,631
General, Administrative and Store Operating Expenses	(2,720)	(2,698)	(2,341)
Impairment of Goodwill and Other Intangible Assets	(93)	(232)	(6)
Gain on Divestiture of Third-party Apparel Sourcing Business	—	111	—
Operating Income	1,573	1,238	1,284
Interest Expense	(316)	(246)	(208)
Other Income	24	235	175
Income Before Income Taxes	1,281	1,227	1,251
Provision for Income Taxes	528	377	446
Net Income	$ 753	$ 850	$ 805
Net Income Per Basic Share	$ 2.60	$ 2.80	$ 2.49
Net Income Per Diluted Share	$ 2.54	$ 2.70	$ 2.42

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

	2012	2011	2010
Net Income	$ 753	$ 850	$ 805
Other Comprehensive Income (Loss), Net of Tax:			
Reclassification of Cash Flow Hedges to Earnings	5	3	41
Foreign Currency Translation	(2)	(1)	(1)
Unrealized Gain (Loss) on Cash Flow Hedges	1	(3)	(24)
Total Other Comprehensive Income (Loss), Net of Tax	4	(1)	16
Total Comprehensive Income	$ 757	$ 849	$ 821

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

LIMITED BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

(in millions except per share amounts)

	February 2, 2013	January 28, 2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 773	$ 935
Accounts Receivable, Net	203	218
Inventories	1,004	997
Deferred Income Taxes	29	51
Other	196	167
Total Current Assets	2,205	2,368
Property and Equipment, Net	1,803	1,644
Goodwill	1,318	1,330
Trade Names and Other Intangible Assets, Net	412	495
Other Assets	281	271
Total Assets	$ 6,019	$ 6,108
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities:		
Accounts Payable	$ 541	$ 540
Accrued Expenses and Other	807	770
Current Portion of Long-term Debt	—	57
Income Taxes	190	159
Total Current Liabilities	1,538	1,526
Deferred Income Taxes	200	183
Long-term Debt	4,477	3,481
Other Long-term Liabilities	818	780
Shareholders' Equity (Deficit):		
Preferred Stock—$1.00 par value; 10 shares authorized; none issued	—	—
Common Stock—$0.50 par value; 1,000 shares authorized; 304 and 296 shares issued; 289 and 295 shares outstanding, respectively	152	148
Paid-in Capital	186	25
Accumulated Other Comprehensive Income	4	—
Retained Earnings (Accumulated Deficit)	(672)	24
Less: Treasury Stock, at Average Cost; 15 and 1 shares, respectively	(685)	(60)
Total Limited Brands, Inc. Shareholders' Equity (Deficit)	(1,015)	137
Noncontrolling Interest	1	1
Total Equity (Deficit)	(1,014)	138
Total Liabilities and Equity (Deficit)	$ 6,019	$ 6,108

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

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

(in millions except per share amounts)

	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
	Shares Outstanding	Par Value						
Balance, January 30, 2010	323	$ 161	$ —	$ (15)	$ 2,037	$ —	$ 1	$ 2,184
Net Income	—	—	—	—	805	—	—	805
Other Comprehensive Income	—	—	—	16	—	—	—	16
Total Comprehensive Income	—	—	—	16	805	—	—	821
Cash Dividends ($4.60 per share)	—	—	—	—	(1,488)	—	—	(1,488)
Repurchase of Common Stock	(8)	—	—	—	—	(207)	—	(207)
Exercise of Stock Options and Other	6	3	164	—	—	—	—	167
Balance, January 29, 2011	321	$ 164	$ 164	$ 1	$ 1,354	$ (207)	$ 1	$ 1,477
Net Income	—	—	—	—	850	—	—	850
Other Comprehensive Income (Loss)	—	—	—	(1)	—	—	—	(1)
Total Comprehensive Income (Loss)	—	—	—	(1)	850	—	—	849
Cash Dividends ($3.80 per share)	—	—	—	—	(1,144)	—	—	(1,144)
Repurchase of Common Stock	(32)	—	—	—	—	(1,194)	—	(1,194)
Treasury Share Retirement	—	(19)	(286)	—	(1,036)	1,341	—	—
Exercise of Stock Options and Other	6	3	147	—	—	—	—	150
Balance, January 28, 2012	295	$ 148	$ 25	$ —	$ 24	$ (60)	$ 1	$ 138
Net Income	—	—	—	—	753	—	—	753
Other Comprehensive Income	—	—	—	4	—	—	—	4
Total Comprehensive Income	—	—	—	4	753	—	—	757
Cash Dividends ($5.00 per share)	—	—	—	—	(1,449)	—	—	(1,449)
Repurchase of Common Stock	(14)	—	—	—	—	(625)	—	(625)
Exercise of Stock Options and Other	8	4	161	—	—	—	—	165
Balance, February 2, 2013	289	$ 152	$ 186	$ 4	$ (672)	$ (685)	$ 1	$ (1,014)

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

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	2012	2011	2010
Operating Activities			
Net Income	$ 753	$ 850	$ 805
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization of Long-lived Assets	389	391	394
Amortization of Landlord Allowances	(35)	(35)	(35)
Goodwill and Intangible Asset Impairment Charges	93	232	6
Deferred Income Taxes	11	(37)	(24)
Share-based Compensation Expense	73	51	64
Excess Tax Benefits from Share-based Compensation	(116)	(48)	(19)
Gain on Distributions from Easton Investments	(13)	—	—
Gain on Sale of Assets	(3)	—	—
Long-lived Store Asset Impairment Charges	27	—	—
Expense related to Contribution of Express Common Stock to The Limited Brands Foundation	—	163	—
Gain on Contribution of Express Common Stock to The Limited Brands Foundation	—	(147)	—
Gain on Divestiture of Third-party Apparel Sourcing Business	—	(111)	—
Gain on Sale of Express Common Stock	—	(86)	(45)
Gain on Distribution from Express	—	—	(49)
Gain on Express Initial Public Offering	—	—	(52)
Gain on Divestiture of Limited Stores	—	—	(20)
Loss on Extinguishment of Debt	—	—	25
Changes in Assets and Liabilities, Net of Assets and Liabilities related to Divestitures:			
Accounts Receivable	5	(152)	(11)
Inventories	(7)	(27)	9
Accounts Payable, Accrued Expenses and Other	(43)	106	112
Income Taxes Payable	139	13	73
Other Assets and Liabilities	78	103	51
Net Cash Provided by Operating Activities	1,351	1,266	1,284
Investing Activities			
Capital Expenditures	(588)	(426)	(274)
Return of Capital from Third-party Apparel Sourcing Business Investment	22	—	—
Return of Capital from Easton Investments	13	—	—
Proceeds from Divestiture of Third-party Apparel Sourcing Business	—	124	—
Proceeds from Sale of Express Common Stock	—	99	73
Return of Capital from Express	—	—	49
Proceeds from Divestiture of Limited Stores	—	—	32
Return of Capital from Limited Stores	—	—	7
Proceeds from Sale of Assets	11	—	—
Other Investing Activities	11	(23)	7
Net Cash Used for Investing Activities	(531)	(226)	(106)
Financing Activities			
Proceeds from Long-term Debt, Net of Issuance Costs	985	981	390
Payments of Long-term Debt	(57)	—	(645)
Financing Costs	—	(7)	(14)
Repurchase of Common Stock	(629)	(1,190)	(207)
Dividends Paid	(1,449)	(1,144)	(1,488)
Excess Tax Benefits from Share-based Compensation	116	48	19
Proceeds from Exercise of Stock Options and Other	52	75	88
Net Cash Used for Financing Activities	(982)	(1,237)	(1,857)
Effects of Exchange Rate Changes on Cash	—	2	5
Net Decrease in Cash and Cash Equivalents	(162)	(195)	(674)
Cash and Cash Equivalents, Beginning of Year	935	1,130	1,804
Cash and Cash Equivalents, End of Year	$ 773	$ 935	$ 1,130

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

LIMITED BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

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.”), Canada and the United Kingdom, which are primarily mall-based, and through its websites, catalogue and other channels. The Company's other international operations 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, “2012” refers to the 53-week period ending February 2, 2013. “2011” and “2010” refer to the 52-week periods ending January 28, 2012 and January 29, 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 9, “Equity Investments and Other.”

Express

Through May 12, 2010, the Company had a 25% ownership interest in Express and accounted for this investment under the equity method of accounting. On May 13, 2010, Express completed an initial public offering (“IPO”). Additionally, the Company sold a portion of its shares of common stock in Express in conjunction with the IPO. As a result, the Company’s ownership interest was diluted from 25% to 18%. The Company eliminated in consolidation 25% of merchandise sourcing sales to Express through May 12, 2010 and eliminated 18% from May 13, 2010 through the end of the second quarter of 2010.

Based on the Company’s reduced ownership in Express, the resulting loss of contractual rights and the resignation of the Company’s seats on Express’ Board of Directors in August 2010, the Company concluded that it was no longer appropriate to account for its investment in Express using the equity method of accounting. Thus, at the beginning of the third quarter of 2010, the Company commenced accounting for its investment in Express using the cost method of accounting. As a result of the accounting change, the Company ceased recording equity income (loss) from Express in Other Income on the Consolidated Statement of Income and the Company also began recognizing 100% of gross merchandise sourcing revenue from 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 9, "Equity Investments and Other."

Limited Stores

Through June 9, 2010, the Company had a 25% ownership interest in Limited Stores. The Company accounted for this investment under the equity method of accounting and eliminated in consolidation 25% of gross merchandise sourcing revenue to Limited Stores equal to the Company's ownership percentage. On June 10, 2010, the Company divested its remaining 25% ownership percentage in Limited Stores and resigned its seats on Limited Stores' Board of Directors. Beginning June 10, 2010, the Company ceased recording equity income (loss) from Limited Stores and the Company also began recognizing 100% of gross merchandise sourcing revenue to Limited Stores. For additional information, see Note 9, "Equity Investments and Other."

Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, demand deposits with financial institutions and highly liquid investments with original maturities of less than 90 days. The Company's outstanding checks, which amounted to $59 million as of February 2, 2013 and $69 million as of January 28, 2012, are included in Accounts Payable on the Consolidated Balance Sheets.

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 periodically reviews 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.

Inventories

Inventories are principally valued at the lower of cost or market, on a weighted-average cost basis.

The Company records valuation adjustments to its inventories if the cost of specific inventory items on hand exceeds the amount it expects to realize from the ultimate sale or disposal of the inventory. These estimates are based on management's judgment regarding future demand and market conditions and analysis of historical experience.

The Company also records inventory loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory. These estimates are based on management's analysis of historical results and operating trends.

Catalogue and Advertising Costs

The Company capitalizes the direct costs of producing and distributing its catalogues and amortizes the costs over the expected future revenue stream, which is generally over a three month period from the date the catalogues are mailed.

The Company's capitalized direct response advertising costs amounted to $15 million and $17 million as of February 2, 2013 and January 28, 2012, respectively, and are included in Other Current Assets on the Consolidated Balance Sheets. All other advertising costs are expensed at the time the promotion first appears in media or in the store. Catalogue and advertising costs amounted to $460 million for 2012, $474 million for 2011 and $473 million for 2010.

Property and Equipment

The Company’s property and equipment are recorded at cost and depreciation/amortization is computed on a straight-line basis using the following depreciable life ranges:

Category of Property and Equipment	Depreciable Life Range
Software, including software developed for internal use	3 - 7 years
Store related assets	3 - 10 years
Leasehold improvements	Shorter of lease term or 10 years
Non-store related building and site improvements	10 - 15 years
Other property and equipment	20 years
Buildings	30 years

When a decision has been made to dispose of property and equipment prior to the end of the previously estimated useful life, depreciation estimates are revised to reflect the use of the asset over the shortened estimated useful life. The Company’s cost of assets sold or retired and the related accumulated depreciation are removed from the accounts with any resulting gain or loss included in net income. Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend useful lives are capitalized.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying value, the Company recognizes a loss equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

Goodwill and Intangible Assets

The Company has certain intangible assets resulting from business combinations and acquisitions that are recorded at cost. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives ranging from 3 to 10 years.

Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying value, the Company recognizes a loss equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

Goodwill is reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, pursuant to Accounting Standards Update ("ASU") No. 2011-08, *Testing Goodwill for Impairment*, the Company performs a qualitative assessment to determine whether it is more likely than not that each reporting unit's fair value is less than its carrying value, including goodwill. If the Company determines that it is more likely than not that the fair value of the reporting unit is less than its carrying value, the Company then estimates the fair value of all assets and liabilities of that reporting unit, including the implied fair value of goodwill, through either estimated discounted future cash flows or market-based methodologies. If the carrying value of goodwill exceeds the implied fair value, the Company recognizes an impairment charge equal to the difference. The Company's reporting units are determined in accordance with the provisions of Accounting Standards Codification ("ASC") Topic 350, *Intangibles - Goodwill and Other*. The Company's reporting units that have goodwill are Victoria's Secret Stores, Victoria's Secret Direct, Bath & Body Works and La Senza.

Intangible assets with indefinite lives are reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, pursuant to ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, the Company performs a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If the Company determines that it is more likely than not that the fair value of the asset is less than its carrying amount, the Company estimates the fair value, usually determined by the estimated discounted future cash flows of the asset, compares that value with its carrying amount and records an impairment charge, if any.

If future economic conditions are different than those projected by management, future impairment charges may be required.

Leases and Leasehold Improvements

The Company has leases that contain predetermined fixed escalations of minimum rentals and/or rent abatements subsequent to taking possession of the leased property. The Company recognizes the related rent expense on a straight-line basis commencing upon the store possession date. The Company records the difference between the recognized rental expense and amounts payable under the leases as deferred lease credits. The Company's liability for predetermined fixed escalations of minimum rentals and/or rent abatements amounted to $120 million as of February 2, 2013 and $113 million as of January 28, 2012. These liabilities are included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company receives construction allowances from landlords related to its retail stores. These allowances are generally comprised of cash amounts received by the Company from its landlords as part of the negotiated lease terms. The Company records a receivable and a landlord allowance at the lease commencement date (date of initial possession of the store). The landlord allowance is amortized on a straight-line basis as a reduction of rent expense over the term of the lease (including the pre-opening build-out period) and the receivable is reduced as amounts are received from the landlord. The Company's unamortized portion of landlord allowances, which amounted to $178 million as of February 2, 2013 and $181 million as of January 28, 2012, is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company also has leasehold improvements which are amortized over the shorter of their estimated useful lives or the period from the date the assets are placed in service to the end of the initial lease term. Leasehold improvements made after the inception of the initial lease term are depreciated over the shorter of their estimated useful lives or the remaining lease term, including renewal periods, if reasonably assured.

Foreign Currency Translation

The functional currency of the Company's foreign operations is generally the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect as of the balance sheet date, while revenues and expenses are translated at the average exchange rates for the period. The Company's resulting translation adjustments are recorded as a component of Comprehensive Income in the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Total Equity (Deficit).

Derivative Financial Instruments

The Company uses derivative instruments designated as cash flow hedges or fair value hedges and non-designated derivative instruments to manage exposure to foreign currency exchange rates and interest rates. The Company does not use derivative financial instruments for trading purposes. All derivative financial instruments are recorded on the Consolidated Balance Sheets at fair value.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

For derivative instruments that are designated and qualify as fair value hedges, the changes in the fair value of the derivative instrument have an equal and offsetting impact to the carrying value of the liability on the balance sheet.

For derivative instruments that are not designated as hedging instruments, the gain or loss on the derivative instrument is recognized in current earnings.

Fair Value

The authoritative guidance included in Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. This authoritative guidance further 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 Company estimates the fair value of financial instruments, property and equipment and goodwill and intangible assets in accordance with the provisions of ASC Topic 820.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, taxes currently payable or refundable are accrued and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the Company’s Consolidated Statement of Income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

In determining the Company’s provision for income taxes, it uses an annual effective income tax rate based on annual income, permanent differences between book and tax income and statutory income tax rates. The Company adjusts the annual effective income tax rate as additional information on outcomes or events becomes available. The Company’s effective income tax rate is affected by items including changes in tax law, the tax jurisdiction of new stores or business ventures and the level of earnings.

The Company follows a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

The Company’s income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. At any one time, multiple tax years are subject to audit by the various tax authorities. A number of years may elapse before a particular matter for which the Company has established an accrual is audited and fully resolved or clarified. The Company adjusts its tax contingencies accrual and income tax provision in the period in which matters are effectively settled with tax authorities at amounts different from its established accrual, when the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. The Company includes its tax contingencies accrual, including accrued penalties and interest, in Other Long-term Liabilities on the Consolidated Balance Sheets unless the liability is expected to be paid within one year. Changes to the tax contingencies accrual, including accrued penalties and interest, are included in Provision for Income Taxes on the Consolidated Statements of Income.

Self Insurance

The Company is self-insured for medical, workers’ compensation, property, general liability and automobile liability up to certain stop-loss limits. Such costs are accrued based on known claims and an estimate of incurred but not reported (“IBNR”) claims. IBNR claims are estimated using historical claim information and actuarial estimates.

Noncontrolling Interest

Noncontrolling interest represents the portion of equity interests of consolidated affiliates not owned by the Company.

Share-based Compensation

The Company recognizes all share-based payments to employees and directors as compensation cost over the service period based on their estimated fair value on the date of grant.

Compensation cost is recognized over the service period for the fair value of awards that actually vest. Compensation expense for awards without a performance condition is recognized, net of estimated forfeitures, using a single award approach (each award is valued as one grant, irrespective of the number of vesting tranches). Compensation expense for awards with a performance condition is recognized, net of estimated forfeitures, using a multiple award approach (each vesting tranche is valued as one grant).

Revenue Recognition

The Company recognizes sales upon customer receipt of the merchandise, which for direct response revenues reflects an estimate of shipments that have not yet been received by the customer based on shipping terms and estimated delivery times. The Company's shipping and handling revenues are included in Net Sales with the related costs included in Costs of Goods Sold, Buying and Occupancy on the Consolidated Statements of Income. The Company also provides a reserve for projected merchandise returns based on prior experience. Net Sales exclude sales tax collected from customers.

The Company's brands sell gift cards with no expiration dates to customers. The Company does not charge administrative fees on unused gift cards. The Company recognizes income from gift cards when they are redeemed by the customer. In addition, the Company recognizes income on unredeemed gift cards when it can determine that the likelihood of the gift card being redeemed is remote and that there is no legal obligation to remit the unredeemed gift cards to relevant jurisdictions (gift card breakage). The Company determines the gift card breakage rate based on historical redemption patterns. Gift card breakage is included in Net Sales in the Consolidated Statements of Income.

The Company also recognizes revenues associated with franchise and wholesale arrangements. Revenue recognized under franchise arrangements generally consists of royalties earned upon sale of merchandise by franchisees to third-party customers. Revenue is generally recognized under wholesale arrangements at the time the title passes to the customer.

The Company recognizes revenue associated with merchandise sourcing and production services provided to third parties. Revenue is recognized at the time the title passes to the customer.

Costs of Goods Sold, Buying and Occupancy

The Company's costs of goods sold include merchandise costs, net of discounts and allowances, freight and inventory shrinkage. The Company's buying and occupancy expenses primarily include payroll, benefit costs and operating expenses for its buying departments and distribution network, rent, common area maintenance, real estate taxes, utilities, maintenance, fulfillment expenses, catalogue amortization and depreciation for the Company's stores, warehouse facilities and equipment.

General, Administrative and Store Operating Expenses

The Company's general, administrative and store operating expenses primarily include payroll and benefit costs for its store-selling and administrative departments (including corporate functions), marketing, advertising and other operating expenses not specifically categorized elsewhere in the Consolidated Statements of Income.

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

Indefinite-Lived Intangible Assets

In July 2012, the Financial Accounting Standards Board ("FASB") issued ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, which gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company determines that it is more likely than not that the fair value of such an asset exceeds its carrying amount, it would not need to calculate the fair value of the asset in that year. However, if a company concludes otherwise, it must calculate the fair value of the asset, compare that value with its carrying amount and record an impairment charge, if any. This guidance will be effective beginning in fiscal 2013, however, early adoption is permitted. The Company adopted this guidance in the fourth quarter of 2012. ASU 2012-02 did not have an impact on the Company's consolidated results of operations, financial position or cash flows.

Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, which amends ASC 220, *Comprehensive Income*. This guidance requires companies to disclose, in one place, information about reclassifications out of accumulated other comprehensive income ("AOCI"). For significant items reclassified out of AOCI to net income in their entirety in the same reporting period, reporting (either on the face of the statement where net income is presented or in the notes) is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same period, a cross reference to other disclosures currently required under US GAAP is required in the notes. This guidance is required to be adopted in fiscal year 2013, however, early adoption is permitted. ASU 2013-02 will not have an impact on the Company's consolidated results of operations, financial position or cash flows. The Company is currently evaluating the provisions of this ASU.

3. 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 2012, 2011 and 2010:

	2012	2011	2010
		(in millions)	
Weighted-average Common Shares:			
Issued Shares (a)	302	323	326
Treasury Shares (a)	(12)	(19)	(3)
Basic Shares	290	304	323
Effect of Dilutive Options and Restricted Stock	7	10	10
Diluted Shares	297	314	333
Anti-dilutive Options and Awards (b)	1	1	2

(a) In December 2011, the Company retired 39 million shares of its Treasury Stock.
(b) These options and awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

4. Divestitures

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 recorded a pre-tax gain on the divestiture of $111 million in the fourth quarter of 2011. For additional information, see Note 9, "Equity Investments and Other."

Express

During the period between May 2010 through July 2011, the Company completed the divestiture of its remaining 25% ownership in Express through the following transactions:

- In May 2010, Express completed an IPO and the Company sold 1.3 million shares of its common stock in Express for $20 million, reducing its ownership interest to 18%. As a result of these events, the Company recognized a pre-tax gain of $52 million.
- In December 2010, the Company sold 3.6 million shares of its common stock in Express for $52 million, reducing its ownership interest to 14%. As a result, the Company recognized a pre-tax gain of $45 million.
- In April 2011, the Company sold 5.5 million shares of its common stock in Express for $99 million, reducing its ownership interest to 8%. As a result, the Company recognized a pre-tax gain of $86 million.

- In July 2011, the Company contributed its remaining 7.2 million shares of common stock to The Limited Brands Foundation, reducing its ownership interest to 0%. At the time of the charitable contribution, the stock was worth $163 million. As a result of the contribution, the Company recognized a non-taxable gain of $147 million.

For additional information, see Note 9, "Equity Investments and Other."

Limited Stores

In June 2010, the Company completed the divestiture of its remaining 25% ownership interest in Limited Stores and resigned its seats on Limited Stores' Board of Directors. The Company received pre-tax net cash proceeds of $32 million from the divestiture which resulted in a pre-tax gain of $20 million. For additional information, see Note 9, "Equity Investments and Other."

5. 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 restructuring charges of $17 million and $7 million are included in Cost of Goods Sold, Buying and Occupancy and General, Administrative and Store Operating Expenses, respectively, on the 2011 Consolidated Statement of Income. In 2012, the Company made cash payments of $11 million and decreased the estimate of expected contract termination costs by $3 million related to this restructuring program. This $3 million change in estimate was included in Cost of Goods Sold, Buying and Occupancy on the 2012 Consolidated Statements of Income. Of the remaining balance of $5 million, $4 million is included in Accrued Expenses and Other and $1 million is included in Other Long-term Liabilities on the 2012 Consolidated Balance Sheet.

During the second quarter of 2012, the Company initiated a second restructuring program designed to further resize the La Senza store fleet. In 2012, the Company recognized a pre-tax charge of $17 million, including non-cash charges of $6 million. Restructuring charges of $16 million and $1 million are included in Cost of Goods Sold, Buying and Occupancy and General, Administrative and Store Operating Expenses, respectively, on the 2012 Consolidated Statement of Income. In 2012, the Company made cash payments of $5 million related to this restructuring program. Of the remaining balance of $6 million, $2 million is included in Accrued Expenses and Other and $4 million is included in Other Long-term Liabilities on the 2012 Consolidated Balance Sheet.

6. Inventories

The following table provides details of inventories as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Finished Goods Merchandise	$ 916	$ 926
Raw Materials and Merchandise Components	88	71
Total Inventories	$ 1,004	$ 997

7. Property and Equipment, Net

The following table provides details of property and equipment, net as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Land	$ 60	$ 61
Buildings and Improvements	402	403
Furniture, Fixtures, Software and Equipment	2,715	2,528
Leaseholds Improvements	1,359	1,236
Construction in Progress	186	159
Total	4,722	4,387
Accumulated Depreciation and Amortization	(2,919)	(2,743)
Property and Equipment, Net	$ 1,803	$ 1,644

Depreciation expense was $386 million in 2012 and $387 million in both 2011 and 2010.

In the fourth quarter of 2012, the Company concluded that the continued negative operating results of the Henri Bendel business was an indicator of potential impairment for the Henri Bendel long-lived stores assets. The Company calculated the impairment by comparing the estimated discounted cash flows at the individual store level to its respective carrying value and recognized an impairment charge of $27 million. This impairment charge is included in Cost of Goods Sold, Buying & Occupancy on the 2012 Consolidated Statement of Income. The remaining carrying value of the Henri Bendel long-lived stores assets subsequent to the impairment is $6 million as of February 2, 2013.

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

Goodwill

The following table provides the rollforward of goodwill for the fiscal years ended February 2, 2013 and January 28, 2012:

	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
Balance as of January 29, 2011	$ 690	$ 628	$ 133 (a)	$ 1,451
Impairment	—	—	(119)	(119)
Foreign Currency Translation	—	—	(2)	(2)
Balance as of January 28, 2012	690	628	12	1,330
Impairment	—	—	(12)	(12)
Balance as of February 2, 2013	$ 690	$ 628	$ —	$ 1,318

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

The Company tests for goodwill impairment at the reporting unit level. The Company's reporting units with goodwill balances at February 2, 2013 were the Victoria's Secret and Bath & Body Works operating segments. Goodwill associated with the La Senza reporting unit is fully impaired at February 2, 2013.

Intangible Assets—Indefinite Lives

Intangible assets with indefinite lives represent the Victoria's Secret and Bath & Body Works trade names which are included in Trade Names and Other Intangible Assets, Net on the Consolidated Balance Sheets. The following table provides additional detail regarding the composition of trade names as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Victoria's Secret	$ 246	$ 246
Bath & Body Works	165	165
La Senza	—	75
Intangible Assets - Trade Names	$ 411	$ 486

The La Senza trade name is fully impaired as of February 2, 2013.

Intangible Assets—Finite Lives

Intangible assets with finite lives represent certain trademarks and customer relationships. These assets totaled $1 million and $9 million as of February 2, 2013 and January 28, 2012, respectively, and are included in Trade Names and Other Intangible Assets, Net on the Consolidated Balance Sheets. Amortization expense was $3 million for 2012, $4 million for 2011 and $7 million for 2010. Estimated future annual amortization expense will be approximately $1 million in 2013 and less than $1 million in 2014 and 2015.

Impairment Charges

La Senza

In conjunction with the January 2007 acquisition of La Senza, the Company recognized goodwill, intangible assets with indefinite lives and intangible assets with finite lives. These assets are included in the La Senza reporting unit which is included in Other in the Company's segment reporting.

2008

In the fourth quarter of 2008, the Company completed its annual impairment testing. During the latter half of 2008, La Senza's operating results were negatively impacted by the global economic downturn and the resulting impact on the Canadian retail environment as well as other factors. As part of the annual impairment evaluation, the Company assessed the recoverability of goodwill using a discounted cash flow methodology. The Company concluded that the carrying value of the La Senza goodwill exceeded the implied fair value based on the estimated fair value of the La Senza reporting unit. Accordingly, the Company recorded a goodwill impairment charge of $189 million. Prior to completing the goodwill impairment evaluation, the Company performed its annual impairment analysis for indefinite-lived trade names. Based on its evaluation using a relief from royalty and other discounted cash flow methodologies, the Company concluded that certain La Senza trade name assets were impaired. Accordingly, the Company recorded an impairment charge of $25 million to reduce the carrying value of these assets to their estimated fair values. The Company also recognized a $1 million impairment charge related to a finite lived trade name asset.

2009

In the fourth quarter of 2009, the Company made the decision to exit the La Senza Girl business and recorded an impairment charge of $3 million to write-off the La Senza Girl trade name and other minor trade names.

2011

In the fourth quarter of 2011, the Company completed its annual impairment testing. During 2011, La Senza’s operating results failed to meet the Company's expectations, as both comparable store sales and gross profit were below the Company's beginning of year expectations especially in the critical fourth quarter holiday period. As part of the annual impairment evaluation, the Company assessed the recoverability of goodwill using a discounted cash flow methodology. The Company concluded that the carrying value of the La Senza goodwill exceeded the implied fair value based on the estimated fair value of the La Senza reporting unit. Accordingly, the Company recorded a goodwill impairment charge of $119 million. The goodwill impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2011 Consolidated Statement of Income.

Prior to completing the goodwill impairment evaluation, the Company performed its annual impairment analysis for its indefinite-lived trade name. Based on its evaluation using relief from royalty and other discounted cash flow methodologies, the Company concluded that the La Senza trade name asset was impaired. Accordingly, the Company recorded an impairment charge of $112 million to reduce the carrying value of the trade name asset to its estimated fair value. The Company also recognized a $1 million impairment charge related to a lease-related intangible asset. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2011 Consolidated Statement of Income.

2012

In the fourth quarter of 2012, the Company completed its annual impairment testing. During 2012, La Senza’s operating results again failed to meet the Company's expectations, as both comparable store sales and gross profit were below our beginning of year expectations. As part of the annual impairment evaluation, the Company assessed the recoverability of goodwill using a discounted cash flow methodology. The Company concluded that the carrying value of the La Senza goodwill exceeded the implied fair value based on the estimated fair value of the La Senza reporting unit. Accordingly, the Company recorded a goodwill impairment charge of $12 million which fully impaired La Senza's remaining goodwill. The goodwill impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2012 Consolidated Statement of Income.

Prior to completing the goodwill impairment evaluation, the Company performed its annual impairment analysis for its indefinite-lived trade name. Based on its evaluation using relief from royalty and other discounted cash flow methodologies, the Company concluded that the La Senza trade name asset was impaired. Accordingly, the Company recorded an impairment charge of $75 million to reduce the carrying value of the trade name asset to zero. The Company also recognized a $6 million impairment charge related to certain finite-lived customer relationship intangible assets. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2012 Consolidated Statement of Income.

Other

In the fourth quarter of 2010, the Company concluded that a sub-brand trade name would no longer be utilized within the Victoria’s Secret business. The Company compared the estimated fair value of the trade name using a relief from royalty methodology to the carrying value and concluded that the trade name was fully impaired. As a result, the Company recognized an impairment charge of $6 million. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2010 Consolidated Statement of Income.

9. 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 ownership interest is accounted for under the equity method of accounting. The proceeds are included in Proceeds from Divestiture of Third-party Apparel Sourcing Business within the Investing Activities section on the 2011 Consolidated Statement of Cash Flows. The Company recorded a pre-tax gain on the divestiture of $111 million in the fourth quarter of 2011 which is included in Gain on Divestiture of Third-party Apparel Sourcing Business on the 2011 Consolidated Statement of Income. 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.

In the fourth quarter of 2012, the Company received a $28 million dividend from the third-party apparel sourcing business. This reduced the Company's carrying value in the investment. Of this dividend, $22 million is included in Return of Capital from Third-party Apparel Sourcing Business Investment within the Investing Activities section of the 2012 Consolidated Statement of Cash Flows and $6 million is included in Other Assets and Liabilities within the Operating Activities section of the 2012 Consolidated Statement of Cash Flows.

The Company's carrying value for this investment was $52 million as of February 2, 2013 and $72 million as of January 28, 2012 and is included in Other Assets on the February 2, 2013 and January 28, 2012 Consolidated Balance Sheets. The Company's share of net income (loss) from this investment is included in Other Income on the Consolidated Statements of Income.

Express

In July 2007, the Company completed the divestiture of 75% of its ownership interest in Express.

In March 2010, Express completed a cash distribution to its owners and the Company received $57 million. The Company’s portion representing a return on capital was $8 million and is included in Other Assets and Liabilities within the Operating Activities section of the 2010 Consolidated Statement of Cash Flows. The remaining portion representing a return of capital is $49 million and is included in Return of Capital from Express within the Investing Activities section of the 2010 Consolidated Statement of Cash Flows. The proceeds received from the cash distribution were in excess of the Company’s carrying value of the investment in Express. As a result, the carrying value was reduced to zero as of the date of the cash distribution and a pre-tax gain of $49 million was recorded. The pre-tax gain is included in Other Income on the 2010 Consolidated Statement of Income.

On May 13, 2010, Express completed an IPO and the Company sold 1.3 million shares of its common stock in Express for $20 million. As a result, the Company’s ownership interest was diluted from 25% to 18% and the carrying value of the Company’s remaining investment was increased to reflect the proportional impact of the IPO. As a result of these events, the Company recognized a pre-tax gain of $52 million, which is included in Other Income on the 2010 Consolidated Statement of Income.

Based on the Company’s reduced ownership in Express, the resulting loss of contractual rights and the resignation of the Company’s seats on Express’ Board of Directors in August 2010, the Company concluded that it was no longer appropriate to account for its investment in Express using the equity method of accounting. At the beginning of the third quarter of 2010, the Company commenced accounting for its investment in Express using the cost method of accounting. As a result of the accounting change, the Company ceased recording equity income (loss) from Express in Other Income on the Consolidated Statement of Income and the Company also began recognizing 100% of merchandise sourcing sales to Express.

On December 15, 2010, Express completed a secondary offering and the Company sold an additional 3.6 million shares of its common stock in Express for $52 million. As a result, the Company’s ownership interest was diluted from 18% to 14% and the Company recognized a pre-tax gain of $45 million, which is included in Other Income on the 2010 Consolidated Statement of Income. Express also completed a cash dividend to its owners in December 2010 and the Company received $7 million. As a result of the dividend, the Company recognized a pre-tax gain of $7 million, which is also included in Other Income on the 2010 Consolidated Statement of Income.

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 from 14% 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. As a result, the Company recognized contribution expense in 2011 of $163 million which is included in General, Administrative and Store Operating Expenses on the 2011 Consolidated Statement of Income. 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 gain is included in Other Income on the 2011 Consolidated Statement of Income.

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 $325 million in 2011 and $384 million in 2010. These amounts are net of the elimination of merchandise sourcing revenue equal to the Company's ownership percentage through the second quarter of 2010.

Limited Stores

In August 2007, the Company completed the divestiture of 75% of its ownership interest in Limited Stores.

In February 2010, Limited Stores completed a cash distribution to its owners and the Company received $7 million. The proceeds received from the cash dividend reduced the Company's carrying value of the investment in Limited Stores. The distribution represented a return of capital and is included in Return of Capital from Limited Stores within the Investing Activities section on the 2010 Consolidated Statement of Cash Flows.

In June 2010, the Company completed the divestiture of its remaining 25% ownership interest in Limited Stores and resigned its seats on Limited Stores' Board of Directors. The Company received pre-tax net cash proceeds of $32 million from the divestiture which are included in Proceeds from Divestiture of Limited Stores within the Investing Activities section on the 2010 Consolidated Statement of Cash Flows. The Company recorded a pre-tax gain on the divestiture of $20 million. The pre-tax gain is included in Other Income on the 2010 Consolidated Statement of Income. The Company ceased recording equity income (loss) from Limited Stores in Other Income on the Consolidated Statement of Income, and the Company began recognizing 100% of merchandise sourcing sales to Limited Stores following the divestiture.

The Company maintains agreements with Limited Stores whereby the Company continues to provide logistics services. 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 Limited Stores. The Company recognized merchandise sourcing revenue from Limited Stores of $83 million in 2011 and $62 million in 2010. The amounts are net of the elimination of merchandise sourcing revenue equal to the Company's ownership percentage through the second quarter of 2010.

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 $75 million as of February 2, 2013 and $70 million as of January 28, 2012 and are recorded in Other Assets on the Consolidated Balance Sheets. In the third quarter of 2012, the Company received $13 million in cash distributions from certain of the Company's investments in Easton which are included in Return of Capital from Easton Investments within the Investing Activities section on the 2012 Consolidated Statement of Cash Flow. The Company recognized a pre-tax gain of $13 million which is included in Other Income on the 2012 Consolidated Statements of Income.

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.

10. Accrued Expenses and Other

The following table provides additional information about the composition of accrued expenses and other as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Deferred Revenue, Principally from Gift Card Sales	$ 202	$ 196
Compensation, Payroll Taxes and Benefits	180	171
Taxes, Other Than Income	84	67
Interest	79	50
Insurance	37	36
Returns Reserve	28	30
Rent	26	21
Other	171	199
Total Accrued Expenses and Other	$ 807	$ 770

11. Income Taxes

The following table provides the components of the Company's provision for income taxes for 2012, 2011 and 2010:

	2012	2011	2010
		(in millions)	
Current:			
U.S. Federal	$ 432	$ 357	$ 406
U.S. State	67	46	54
Non-U.S.	18	11	10
Total	517	414	470
Deferred:			
U.S. Federal	14	6	(20)
U.S. State	4	1	(3)
Non-U.S.	(7)	(44)	(1)
Total	11	(37)	(24)
Provision for Income Taxes	$ 528	$ 377	$ 446

The Non-U.S. component of pre-tax income, arising principally from overseas operations, was income of $1 million for 2012, a loss of $37 million for 2011 and income of $42 million for 2010. The 2012 income included the impact of the $93 million impairment of goodwill and other intangible assets at La Senza. The 2011 loss included the impact of the $232 million impairment of goodwill and other intangible assets at La Senza as well as the Non-U.S. portion of the gain on the divestiture of the third-party apparel sourcing business of $105 million.

The 2011 Non-U.S. deferred benefit of $44 million is primarily the result of the reversal of a deferred tax liability associated with the La Senza trade name established upon the acquisition of La Senza.

The Company's income taxes payable has been reduced by the excess tax benefits from employee stock plan awards. For stock options, the Company receives an excess income tax benefit calculated as the tax effect of the difference between the fair market value of the stock at the time of grant and exercise. For restricted stock, the Company receives an excess income tax benefit calculated as the tax effect of the difference between the fair market value of the stock at the time of grant and vesting. The Company had net excess tax benefits from equity awards of $116 million, $48 million and $19 million in 2012, 2011 and 2010, respectively, which were reflected as increases to equity.

The following table provides the reconciliation between the statutory federal income tax rate and the effective tax rate for 2012, 2011 and 2010:

	2012	2011	2010
Federal Income Tax Rate	35.0 %	35.0 %	35.0 %
State Income Taxes, Net of Federal Income Tax Effect	4.0 %	4.0 %	3.5 %
Express Charitable Contribution	— %	(5.0)%	— %
Deductible Loss on Divestiture of Limited Stores	— %	— %	(2.4)%
Non-deductible Impairment of Goodwill and Other Intangible Assets	2.4 %	4.3 %	— %
Non-U.S. Portion of the Divestiture of Third-party Apparel Sourcing Business	— %	(3.0)%	— %
Impact of Non-U.S. Operations	1.1 %	(2.2)%	0.5 %
Other Items, Net	(1.3)%	(2.4)%	(1.0)%
Effective Tax Rate	41.2 %	30.7 %	35.6 %

No deferred tax liability is currently recorded on Non-U.S. affiliated earnings as the tax basis is greater than the carrying value on those Non-U.S. affiliates.

Deferred Taxes

The following table provides the effect of temporary differences that cause deferred income taxes as of February 2, 2013 and January 28, 2012. Deferred tax assets and liabilities represent the future effects on income taxes resulting from temporary differences and carryforwards at the end of the respective year.

	February 2, 2013			January 28, 2012		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	(in millions)					
Leases	$ 43	$ —	$ 43	$ 45	$ —	$ 45
Non-qualified Retirement Plan	86	—	86	82	—	82
Property and Equipment	—	(190)	(190)	—	(190)	(190)
Goodwill	—	(15)	(15)	—	(15)	(15)
Trade Names and Other Intangibles	—	(138)	(138)	—	(139)	(139)
Charitable Contribution Carryforwards	—	—	—	23	—	23
State Net Operating Loss Carryforwards	23	—	23	26	—	26
Non-U.S. Operating Loss Carryforwards	151	—	151	40	—	40
Valuation Allowance	(171)	—	(171)	(59)	—	(59)
Other, Net	67	—	67	55	—	55
Total Deferred Income Taxes	$ 199	$ (343)	$ (144)	$ 212	$ (344)	$ (132)

As of February 2, 2013, the Company had available for state income tax purposes net operating loss carryforwards which expire, if unused, in the years 2013 through 2028. The Company has analyzed the realization of the state net operating loss carryforwards on an individual state basis. For those states where the Company has determined that it is more likely than not that the state net operating loss carryforwards will not be realized, a valuation allowance has been provided for the deferred tax asset.

As of February 2, 2013, the Company had available for non-U.S. tax purposes net operating loss carryforwards which expire, if unused, in the years 2027 through 2032. The Company has determined that it is more likely than not that all of the net operating loss carryforwards will not be realized and a valuation allowance has been provided for the net deferred tax assets, including the net operating loss carryforwards, of the related tax loss entities.

Income tax payments were $336 million for 2012, $400 million for 2011 and $376 million for 2010.

Uncertain Tax Positions

The following table summarizes the activity related to the Company's unrecognized tax benefits for U.S. federal, state & non-U.S. tax jurisdictions for 2012, 2011 and 2010, without interest and penalties:

	2012	2011	2010
		(in millions)	
Gross Unrecognized Tax Benefits, as of the Beginning of the Fiscal Year	$ 146	$ 147	$ 115
Increases in Unrecognized Tax Benefits for Prior Years	13	4	17
Decreases in Unrecognized Tax Benefits for Prior Years	(19)	(33)	(17)
Increases in Unrecognized Tax Benefits as a Result of Current Year Activity	52	45	40
Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	(1)	(9)	(2)
Decreases to Unrecognized Tax Benefits as a Result of a Lapse of the Applicable Statute of Limitations	(6)	(8)	(6)
Gross Unrecognized Tax Benefits, as of the End of the Fiscal Year	$ 185	$ 146	$ 147

Of the $185 million, $146 million and $147 million of total unrecognized tax benefits at February 2, 2013, January 28, 2012, and January 29, 2011, respectively, approximately $160 million, $131 million and $130 million, respectively, represent the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. These amounts are net of the offsetting tax effects from other tax jurisdictions.

Of the total unrecognized tax benefits, it is reasonably possible that $135 million could change in the next twelve months due to audit settlements, expiration of statute of limitations or other resolution of uncertainties. Due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in amounts which could be different from this estimate. In such case, the Company will record additional tax expense or tax benefit in the period in which such matters are effectively settled.

The Company recognizes interest and penalties related to unrecognized tax benefits as components of income tax expense. The Company recognized interest and penalties expense of $1 million in 2012, benefit of $7 million in 2011 and expense of $2 million in 2010. The Company has accrued approximately $26 million, $25 million and $32 million for the payment of interest and penalties as of February 2, 2013, January 28, 2012, and January 29, 2011, respectively. Accrued interest and penalties are included within Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company files U.S. federal income tax returns as well as income tax returns in various states and in non-U.S. jurisdictions. At the end of 2012, the Company was subject to examination by the IRS for 2009 through 2011. The Company is also subject to various U.S. state and local income tax examinations for the years 2004 to 2011. Finally, the Company is subject to multiple non-U.S. tax jurisdiction examinations for the years 2002 to 2011. In some situations, the Company determines that it does not have a filing requirement in a particular tax jurisdiction. Where no return has been filed, no statute of limitations applies. Accordingly, if a tax jurisdiction reaches a conclusion that a filing requirement does exist, additional years may be reviewed by the tax authority. The Company believes it has appropriately accounted for uncertainties related to this issue.

12. Long-term Debt

The following table provides the Company's long-term debt balance as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(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
$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount ("2019 Notes")	489	488
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 ("2020 Notes")	400	400
Total Senior Unsecured Debt with Subsidiary Guarantee	$ 2,889	$ 1,888
Senior Unsecured Debt		
$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount ("2017 Notes") (a)	$ 721	$ 724
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033, Less Unamortized Discount ("2033 Notes")	350	350
$300 million, 7.60% Fixed Interest Rate Notes due July 2037, Less Unamortized Discount ("2037 Notes")	299	299
5.25% Fixed Interest Rate Notes due November 2014, Less Unamortized Discount ("2014 Notes") (b)	218	220
6.125% Fixed Interest Rate Notes due December 2012, Less Unamortized Discount ("2012 Notes")	—	57
Total Senior Unsecured Debt	$ 1,588	$ 1,650
Total	$ 4,477	$ 3,538
Current Portion of Long-term Debt	—	(57)
Total Long-term Debt, Net of Current Portion	$ 4,477	$ 3,481

(a) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $22 million as of February 2, 2013 and $25 million as of January 28, 2012.

(b) The principal balance outstanding was $213 million as of both February 2, 2013 and January 28, 2012. The balances include a fair value interest rate hedge adjustment which increased the debt balance by $5 million as of February 2, 2013 and $7 million as of January 28, 2012.

The following table provides principal payments due on long-term debt in the next five fiscal years and the remaining years thereafter:

Fiscal Year (in millions)	
2013	$ —
2014	213
2015	—
2016	—
2017	700
Thereafter	3,550

Cash paid for interest was $276 million in 2012, $225 million in 2011 and $209 million in 2010.

Issuance of Notes

In May 2010, the Company issued $400 million of 7.00% notes due in May 2020 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2020 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 $390 million, which were net of issuance costs of $10 million. These issuance costs are being amortized through the maturity date of May 2020 and are included within Other Assets on the Consolidated Balance Sheets.

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 issuance costs of $19 million. These issuance costs are being amortized through the maturity date of April 2021 and are included within Other Assets on the Consolidated Balance Sheets.

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 the Guarantors. The proceeds from the issuance were $985 million, which were net of issuance 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 2012 Consolidated Balance Sheet.

Repurchase of Notes

In May 2010, the Company used a portion of the proceeds from the 2020 Notes to repurchase $134 million of the Company's 2012 Notes for $144 million. The Company used the remaining portion of the proceeds from the 2020 Notes to repurchase $266 million of the 2014 Notes for $277 million. The loss on extinguishment of this debt was $25 million and is included in Other Income on the 2010 Consolidated Statement of Income.

In August 2010, the Company repurchased $20 million and $1 million of the 2014 Notes and the 2012 Notes, respectively, through open-market transactions.

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 to $1 billion and extended the termination date 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 are 0.325% per annum and the fees related to outstanding letters of credit are 1.75% per annum. In addition, the interest rate on outstanding borrowings is London Interbank Offered Rate ("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 February 2, 2013, 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 February 2, 2013, 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 $12 million of outstanding letters of credit as of February 2, 2013 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 13, "Derivative Instruments."

13. Derivative Instruments

Foreign Exchange Risk

In January 2007, the Company entered into a series of cross-currency swaps related to approximately CAD$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 Canadian 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 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 February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Other Long-term Liabilities	$ 59	$ 60

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 2012 and 2011:

	Location	2012	2011
		(in millions)	
Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss)	$ 1	$ (3)
(Gain) Loss Reclassified from Accumulated Other Comprehensive Income into Other Income (a)	Other Income	5	—

(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 Cash Flow Hedges

In March 2010, the Company prepaid a $200 million term loan. In conjunction with the term loan pre-payment, the Company terminated participating interest rate swap arrangements totaling $200 million resulting in a realized loss of $10 million. This realized loss was expensed in Interest Expense on the 2010 Consolidated Statement of Income as there are no future cash flows associated with these terminated swap arrangements.

Interest Rate Designated Fair Value Hedges

The Company had interest rate swap agreements related to the 2017 Notes with a notional amount of $175 million as of January 28, 2012. The interest rate swap arrangements effectively converted the fixed interest rate on the related debt to a variable interest rate based on a LIBOR plus a fixed interest rate.

The swap arrangements were designated as fair value hedges. The changes in the fair value of the interest rate swaps had 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 was accrued and recognized as an adjustment to interest expense.

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. The carrying value of the 2014 Notes includes $5 million of unamortized hedge settlements at February 2, 2013 which are amortized as a reduction to interest expense through the maturity date of the 2014 Notes.

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. In June 2012, the Company terminated the remaining interest rate designated fair value hedges related to the 2017 Notes with a notional amount of $175 million. In settlement of these hedges, the Company received $14 million. The carrying value of the 2017 Notes includes $22 million of unamortized hedge settlements at February 2, 2013 which are amortized as a reduction to interest expense through the maturity date of the 2017 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 February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Other Assets	$ —	$ 14

14. Fair Value Measurements

The following table provides a summary of the carrying value and fair value of long-term debt as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Carrying Value	$ 4,477	$ 3,538
Fair Value (a)	5,023	3,849

(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 following table provides a summary of assets and liabilities measured in the consolidated financial statements at fair value on a recurring basis as of February 2, 2013 and January 28, 2012:

	Level 1	Level 2	Level 3	Total
		(in millions)		
As of February 2, 2013				
Assets:				
Cash and Cash Equivalents	$ 773	$ —	$ —	$ 773
Liabilities:				
Cross-currency Cash Flow Hedges	—	59	—	59
Lease Guarantees	—	—	2	2
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

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 2012 and 2011:

	2012	2011
	(in millions)	
Beginning Balance	$ 4	$ 6
Change in Estimated Fair Value Reported in Earnings	(2)	(2)
Ending Balance	$ 2	$ 4

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 17, "Commitments and Contingencies."

15. Comprehensive Income

Comprehensive Income consists of gains and losses on derivative instruments and foreign currency translation adjustments. The cumulative gains and losses on these items are included in Accumulated Other Comprehensive Income in the Consolidated Balance Sheets and Consolidated Statements of Shareholders' Equity (Deficit).

The following table provides the rollforward of additional detail regarding the composition of accumulated other comprehensive income as of February 2, 2013 and January 28, 2012:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
		(in millions)	
Balance as of January 29, 2011	$ (7)	$ 8	$ 1
Current-period Other Comprehensive Income (Loss)	(1)	—	(1)
Balance as of January 28, 2012	(8)	8	—
Current-period Other Comprehensive Income (Loss)	(2)	6	4
Balance as of February 2, 2013	$ (10)	$ 14	$ 4

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

16. Leases

The Company is committed to noncancelable leases with remaining terms generally from one to ten years. A substantial portion of the Company's leases consist of store leases generally with an initial term of ten years. Annual store rent consists of a fixed minimum amount and/or contingent rent based on a percentage of sales exceeding a stipulated amount. Store lease terms generally require additional payments covering certain operating costs such as common area maintenance, utilities, insurance and taxes. These additional payments are excluded from the table below.

The following table provides rent expense for 2012, 2011 and 2010:

	2012	2011	2010
		(in millions)	
Store Rent:			
Fixed Minimum	$ 453	$ 437	$ 417
Contingent	60	50	44
Total Store Rent	513	487	461
Office, Equipment and Other	67	62	60
Gross Rent Expense	580	549	521
Sublease Rental Income	(2)	(3)	(3)
Total Rent Expense	$ 578	$ 546	$ 518

The following table provides the Company's minimum rent commitments under noncancelable operating leases in the next five fiscal years and the remaining years thereafter:

Fiscal Year (in millions) (a)		
2013	$	527
2014		507
2015		456
2016		406
2017		351
Thereafter		1,192

(a) Excludes additional payments covering taxes, common area costs and certain other expenses generally required by store lease terms.

The Company's future sublease income under noncancelable subleases was $9 million as of February 2, 2013, which included $2 million of rent commitments related to disposed businesses under master lease arrangements.

17. 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. In November 2011, a jury found in favor of the plaintiff and awarded damages of $9 million for infringement from 2007 through 2011 and the trial court awarded future royalty payments through 2015. In January 2013, the Company appealed the judgment against the Company with the Court of Appeals for the Federal Circuit. Shortly before the Company's appeal was filed, this Court of Appeals ruled in another proceeding involving a different company, that the patents in the Company's case were invalid. As a result, the Company's appeal has been stayed until the other proceeding has been decided. Based on the decision that the plaintiff's patents are invalid and on the Company's other arguments, the Company believes the Court of Appeals should grant the Company's appeal. The Company intends to vigorously defend against this action.

Guarantees

In connection with the disposition of certain businesses, the Company has remaining guarantees of approximately $54 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 GAAP in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New York & Company totaled $36 million as of February 2, 2013 and $49 million as of January 28, 2012. The estimated fair value of these guarantee obligations was $2 million as of February 2, 2013 and $4 million as of January 28, 2012, 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 February 2, 2013 and January 28, 2012.

18. 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 $55 million for 2012, $51 million for 2011 and $49 million for 2010.

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.

The following table provides the Company's annual activity for this plan and year-end liability, included in Other Long-term Liabilities on the Consolidated Balance Sheets, as of February 2, 2013 and January 28, 2012:

	February 2, 2013	January 28, 2012
	(in millions)	
Balance at Beginning of Year	$ 214	$ 193
Contributions:		
Associate	12	12
Company	12	15
Interest	12	11
Distributions	(22)	(17)
Balance at End of Year	$ 228	$ 214

Total expense recognized related to the non-qualified plan was $24 million for 2012, $26 million for 2011 and $27 million for 2010.

19. 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 fiscal years 2012, 2011 and 2010:

		Shares Repurchased			Amount Repurchased			
Repurchase Program	**Amount Authorized**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**	**Average Stock Price of Shares Repurchased within Program**
	(in millions)		(in thousands)			(in millions)		
November 2012 (a)	$ 250	245	NA	NA	$ 11	NA	NA	$ 45.47
February 2012 (b)	500	9,871	NA	NA	450	NA	NA	45.61
November 2011	250	3,657	2,116	NA	164	$ 85	NA	44.90
May 2011	500	NA	13,293	NA	NA	500	NA	37.59
March 2011	500	NA	13,695	NA	NA	500	NA	36.49
November 2010 (c)	200	NA	3,431	1,907	NA	109	$ 60	31.68
March 2010 (d)	200	NA	NA	5,714	NA	NA	147	25.69
Total		13,773	32,535	7,621	$ 625	$ 1,194	$ 207	

(a) The November 2012 repurchase program had $239 million remaining as of February 2, 2013.
(b) The February 2012 repurchase program had $50 million remaining at the time it was cancelled in conjunction with the approval of the November 2012 repurchase program.
(c) 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.
(d) The March 2010 repurchase program had $53 million remaining at the time it was cancelled in conjunction with the approval of the November 2010 repurchase program.
NA Not applicable

There were no share repurchases reflected in Accounts Payable on the 2012 Consolidated Balance Sheet. There were $4 million of share repurchases reflected in Accounts Payable as of January 28, 2012.

Subsequent to February 2, 2013, the Company repurchased an additional 0.5 million shares of common stock for $24 million under the November 2012 repurchase program.

Dividends

Under the authority and declaration of the Board of Directors, the Company paid the following dividends during the fiscal years 2012, 2011 and 2010:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2012				
Fourth Quarter	$ 0.25	$ 3.00	$ 3.25	$ 942
Third Quarter	0.25	1.00	1.25	361
Second Quarter	0.25	—	0.25	73
First Quarter	0.25	—	0.25	73
2012 Total	$ 1.00	$ 4.00	$ 5.00	$ 1,449
2011				
Fourth Quarter	$ 0.20	$ 2.00	$ 2.20	$ 653
Third Quarter	0.20	—	0.20	60
Second Quarter	0.20	1.00	1.20	367
First Quarter	0.20	—	0.20	64
2011 Total	$ 0.80	$ 3.00	$ 3.80	$ 1,144
2010				
Fourth Quarter	$ 0.15	$ 3.00	$ 3.15	$ 1,017
Third Quarter	0.15	—	0.15	49
Second Quarter	0.15	—	0.15	49
First Quarter	0.15	1.00	1.15	373
2010 Total	$ 0.60	$ 4.00	$ 4.60	$ 1,488

Subsequent to February 2, 2013, the Board of Directors declared the first quarter 2013 common stock dividend of $0.30 per share payable on March 8, 2013 to shareholders of record at the close of business on February 22, 2013. This is a $0.05 increase from the 2012 quarterly dividends.

Treasury Stock Retirement

In December 2011, the Company retired 39 million shares of its treasury stock. The retirement resulted in a reduction of $1.341 billion in Treasury Stock, $19 million in the par value of Common Stock, $286 million in Paid-in Capital and $1.036 billion in Retained Earnings.

20. Share-based Compensation

Plan Summary

In 2011, the Company's shareholders approved the 2011 Stock Option and Performance Incentive Plan. The plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance-based restricted stock, performance units and unrestricted shares. The Company grants stock options at a price equal to the fair market value of the stock on the date of grant. Stock options have a maximum term of ten years. Stock options generally vest ratably over 3 to 4 years. Restricted stock generally vests (the restrictions lapse) at the end of a three year period.

The Limited Brands, Inc. Stock Award and Deferred Compensation Plan for Non-Associate Directors provides for an annual stock retainer for non-associate directors. The stock issued in conjunction with this plan has no restrictions.

Under the Company's plans, approximately 144 million options, restricted and unrestricted shares have been authorized to be granted to employees and directors. Approximately 17 million options and shares were available for grant as of February 2, 2013.

In 2012 and 2011, the Company's Board of Directors declared special dividends of $4 and $3 per share, respectively. For additional information, see Note 19, "Shareholders' Equity." In accordance with the anti-dilutive provisions of the stock plans, the Company adjusted both the exercise price and the number of share-based awards outstanding as of the record date of the special dividends. The aggregate fair value, the aggregate intrinsic value and the ratio of the exercise price to the market price were approximately equal immediately before and after the adjustments. Therefore, no compensation expense was recognized.

Stock Options

The following table provides the Company's stock option activity for the fiscal year ended February 2, 2013:

	Number of Shares	Weighted Average Option Price Per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Outstanding as of January 28, 2012	9,383	$ 17.26		
Granted	1,385	44.72		
Exercised	(4,271)	12.61		
Cancelled	(240)	29.24		
Adjustment for Special Dividends	778			
Outstanding as of February 2, 2013	7,035	$ 23.16	6.17	$ 169,574
Vested and Expected to Vest as of February 2, 2013 (a)	6,798	22.60	6.08	167,707
Options Exercisable as of February 2, 2013	4,022	14.69	4.40	130,969

(a) The number of options expected to vest includes an estimate of expected forfeitures.

Intrinsic value for stock options is the difference between the current market value of the Company's stock and the option strike price. The total intrinsic value of options exercised was $133 million for 2012, $100 million for 2011 and $57 million for 2010.

The total fair value at grant date of option awards vested was $10 million for 2012, $8 million for 2011 and $8 million for 2010.

The Company's total unrecognized compensation cost, net of estimated forfeitures, related to nonvested options was $19 million as of February 2, 2013. This cost is expected to be recognized over a weighted-average period of 2.8 years.

The weighted-average estimated fair value of stock options granted was $13.89 per share for 2012, $9.35 per share for 2011 and $7.51 per share for 2010.

Cash received from stock options exercised was $53 million for 2012, $75 million for 2011 and $88 million for 2010. Tax benefits realized from tax deductions associated with stock options exercised were $42 million for 2012, $34 million for 2011 and $20 million for 2010.

The Company uses the Black-Scholes option-pricing model for valuation of options granted to employees and directors. The Company's determination of the fair value of options is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards and projected employee stock option exercise behaviors.

The following table contains the weighted-average assumptions used during 2012, 2011 and 2010:

	2012	2011	2010
Expected Volatility	47%	48%	49%
Risk-free Interest Rate	1.0%	1.9%	2.3%
Dividend Yield	2.7%	4.1%	3.3%
Expected Life (in years)	4.8	5.0	4.5

The majority of the Company's stock-based compensation awards are granted on an annual basis in the first quarter of each year. The expected volatility assumption is based on the Company's analysis of historical volatility. The risk-free interest rate assumption is based upon the average daily closing rates during the period for U.S. treasury notes that have a life which approximates the expected life of the option. The dividend yield assumption is based on the Company's history and expectation of dividend payouts in relation to the stock price at the grant date. The expected life of employee stock options represents the weighted-average period the stock options are expected to remain outstanding.

Restricted Stock

The following table provides the Company's restricted stock activity for the fiscal year ended February 2, 2013:

	Number of Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested as of January 28, 2012	10,432	$ 14.68
Granted	3,018	40.92
Vested	(5,797)	6.31
Cancelled	(427)	27.57
Adjustment for Special Dividends	868	NA
Unvested as of February 2, 2013	8,094	28.13

NA Not applicable

The Company's total intrinsic value of restricted stock vested was $257 million for 2012, $83 million for 2011 and $40 million for 2010.

The Company's total fair value at grant date of awards vested was $37 million for 2012, $32 million for 2011 and $29 million for 2010. Fair value of restricted stock awards is based on the market value of an unrestricted share on the grant date adjusted for anticipated dividend yields.

As of February 2, 2013, there was $104 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted stock. That cost is expected to be recognized over a weighted-average period of 2.7 years.

Tax benefits realized from tax deductions associated with restricted stock vested were $90 million for 2012, $31 million for 2011 and $15 million for 2010.

Income Statement Impact

The following table provides share-based compensation expense included in the Consolidated Statements of Income for 2012, 2011 and 2010:

	2012	2011	2010
		(in millions)	
Costs of Goods Sold, Buying and Occupancy	$ 19	$ 14	$ 17
General, Administrative and Store Operating Expenses	54	37	47
Total Share-based Compensation Expense	$ 73	$ 51	$ 64

Share-based compensation expense is based on awards that are ultimately expected to vest. The Company estimates forfeitures at the time of grant and adjusts, if necessary, in subsequent periods based on historical experience and expected future termination rates.

The tax benefit associated with recognized share-based compensation expense was $25 million for 2012, $17 million for 2011 and $21 million for 2010.

21. Segment Information

The Company has two reportable segments: Victoria's Secret and Bath & Body Works.

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:

- International retail, franchise, license and wholesale operations, which include the company-owned La Senza and Bath & Body Works stores in Canada and Victoria's Secret stores in Canada and the United Kingdom;
- Mast Global, a merchandise sourcing and production function serving the Company and its international partners;
- Henri Bendel, operator of 29 specialty stores, which features 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 as of and for the fiscal years ended February 2, 2013, January 28, 2012 and January 29, 2011:

	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
February 2, 2013				
Net Sales	$ 6,574	$ 2,902	$ 983	$ 10,459
Depreciation and Amortization	148	53	153	354
Operating Income (Loss) (a)	1,188	604	(219)	1,573
Total Assets	2,428	1,286	2,305	6,019
Capital Expenditures	268	71	249	588
January 28, 2012				
Net Sales	$ 6,121	$ 2,674	$ 1,569	$ 10,364
Depreciation and Amortization	142	52	162	356
Operating Income (Loss) (a)	1,081	513	(356)	1,238
Total Assets	2,346	1,273	2,489	6,108
Capital Expenditures	161	60	205	426
January 29, 2011				
Net Sales	$ 5,520	$ 2,515	$ 1,578	$ 9,613
Depreciation and Amortization	135	55	169	359
Operating Income (Loss)	888	464	(68)	1,284
Total Assets	2,357	1,330	2,764	6,451
Capital Expenditures	82	39	153	274

(a) Operating Loss for the Other segment includes the effect of the following items:
   (i) In 2012, a $93 million impairment charge related to goodwill and other intangible assets for our La Senza business; a $27 million impairment charge related to long-lived store assets for our Henri Bendel business; and $14 million of expense associated with the store closure initiative at La Senza.
   (ii) In 2011, a $232 million impairment charge related to goodwill and other intangible assets for our La Senza business; a $111 million gain related to the divestiture of 51% of our third-party apparel sourcing business; $163 million of expense related to the charitable contribution of our remaining shares of Express, Inc. to The Limited Brands Foundation; and $24 million of restructuring expenses at La Senza.

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 9, "Equity Investments and Other."

The Company's international sales, consisting of La Senza, Victoria's Secret Canada, Bath & Body Works Canada and Victoria's Secret UK retail sales; non-U.S. franchise, license and wholesale operations; and direct sales shipped internationally, totaled $1.060 billion in 2012, $943 million in 2011 and $762 million in 2010. The Company's internationally based long-lived assets were $220 million as of February 2, 2013 and $277 million as of January 28, 2012.

22. Quarterly Financial Data (Unaudited)

The following table provides summarized quarterly financial data for 2012:

	Fiscal Quarter Ended			
	April 28, 2012	July 28, 2012 (b)	October 27, 2012 (c)	February 2, 2013 (d)(e)
	(in millions except per share data)			
Net Sales	$ 2,154	$ 2,399	$ 2,050	$ 3,856
Gross Profit	902	942	825	1,717
Operating Income	293	305	187	788
Income Before Income Taxes	213	229	128	711
Net Income	125	143	74	411
Net Income Per Basic Share (a)	$ 0.43	$ 0.50	$ 0.26	$ 1.43
Net Income Per Diluted Share (a)	$ 0.41	$ 0.49	$ 0.25	$ 1.39

(a) Due to changes in stock prices during the year and timing of issuances and repurchases of shares, the cumulative total of quarterly net income per share amounts may not equal the net income per share for the year.
(b) Includes $4 million of expense associated with the store closure initiative at La Senza.
(c) Includes the effect of the following items:
   i. A pre-tax gain of $13 million related to $13 million in cash distributions from certain of our investments in Easton; and
   ii. A pre-tax expense of $10 million associated with the store closure initiative at La Senza.
(d) Includes the effect of the following items:
   (i) A pre-tax charge of $93 million related to the impairment of La Senza goodwill and other intangible assets; and
   (ii) A pre-tax charge of $27 million related to the impairment of Henri Bendel long-lived store assets.
(e) The Company utilizes the retail calendar for reporting. As such, the results for fiscal years 2012 and 2011 represent the 53-week period ended February 2, 2013 and the 52-week period ended January 28, 2012, respectively. The 2012 fourth quarter consists of a fourteen week period versus a thirteen week period in 2011.

The following table provides summarized quarterly financial data for 2011:

	Fiscal Quarter Ended			
	April 30, 2011 (b)	July 30, 2011 (c)	October 29, 2011 (d)	January 28, 2012 (e)
	(in millions except per share data)			
Net Sales	$ 2,217	$ 2,458	$ 2,174	$ 3,515
Gross Profit	842	902	785	1,528
Operating Income	217	194	186	641
Income Before Income Taxes	249	276	122	580
Net Income	165	231	94	360
Net Income Per Basic Share (a)	$ 0.52	$ 0.76	$ 0.32	$ 1.21
Net Income Per Diluted Share (a)	$ 0.50	$ 0.73	$ 0.31	$ 1.17

(a) Due to changes in stock prices during the year and timing of issuances and repurchases of shares, the cumulative total of quarterly net income per share amounts may not equal the net income per share for the year.

(b) Includes the effect of the following items:
- (i) A pre-tax gain of $86 million related to the sale of shares of Express, Inc. common stock;
- (ii) A pre-tax expense of $50 million related to a pledge to The Limited Brands Foundation; and
- (iii) A tax benefit of $11 million related to the favorable resolution of certain discrete income tax matters.

(c) Includes the effect of a non-taxable gain of $147 million and pre-tax expense of $113 million associated with the charitable contribution of Express, Inc. common stock to The Limited Brands Foundation.

(d) Includes the effect of a tax benefit of $17 million related to the favorable resolution of certain discrete income tax matters.

(e) Includes the effect of the following items:
- (i) A pre-tax charge of $232 million related to the impairment of La Senza goodwill and other intangible assets;
- (ii) A pre-tax gain of $111 million related to the sale of 51% of the third-party apparel sourcing business;
- (iii) A pre-tax expense of $24 million relating to restructuring expenses at La Senza; and
- (iv) A tax benefit of $28 million related to certain discrete income tax matters.

23. Subsequent Events

Subsequent to February 2, 2013, the Company repurchased an additional 0.5 million shares of common stock for $24 million under the November 2012 repurchase program. For additional information, see Note 19, "Shareholders' Equity."

24. 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 February 2, 2013 and January 28, 2012 and the Condensed Consolidating Statements of Income, Comprehensive Income and Cash Flows for the years ended February 2, 2013, January 28, 2012 and January 29, 2011.

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

(in millions)

	February 2, 2013				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ —	$ 417	$ 356	$ —	$ 773
Accounts Receivable, Net	—	140	63	—	203
Inventories	—	847	157	—	1,004
Deferred Income Taxes	—	39	(10)	—	29
Other	2	117	77	—	196
Total Current Assets	2	1,560	643	—	2,205
Property and Equipment, Net	—	1,001	802	—	1,803
Goodwill	—	1,318	—	—	1,318
Trade Names and Other Intangible Assets, Net	—	411	1	—	412
Net Investments in and Advances to/from Consolidated Affiliates	3,348	13,968	624	(17,940)	—
Other Assets	188	8	696	(611)	281
Total Assets	$ 3,538	$ 18,266	$ 2,766	$ (18,551)	$ 6,019
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ —	$ 291	$ 250	$ —	$ 541
Accrued Expenses and Other	78	425	304	—	807
Income Taxes	1	134	55	—	190
Total Current Liabilities	79	850	609	—	1,538
Deferred Income Taxes	(4)	(9)	213	—	200
Long-term Debt	4,477	597	—	(597)	4,477
Other Long-term Liabilities	4	625	204	(15)	818
Total Equity (Deficit)	(1,018)	16,203	1,740	(17,939)	(1,014)
Total Liabilities and Equity (Deficit)	$ 3,538	$ 18,266	$ 2,766	$ (18,551)	$ 6,019

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

(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	$ 3,730	$ 18,087	$ 2,916	$ (18,625)	$ 6,108
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	$ 3,730	$ 18,087	$ 2,916	$ (18,625)	$ 6,108

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	$ —	$ 9,570	$ 2,954	$ (2,065)	$ 10,459
Costs of Goods Sold, Buying and Occupancy	—	(5,578)	(2,464)	1,969	(6,073)
Gross Profit	—	3,992	490	(96)	4,386
General, Administrative and Store Operating Expenses	(5)	(2,405)	(403)	93	(2,720)
Impairment of Goodwill and Other Intangible Assets	—	—	(93)	—	(93)
Operating Income (Loss)	(5)	1,587	(6)	(3)	1,573
Interest Expense	(316)	(22)	(10)	32	(316)
Other Income (Loss)	262	(355)	128	(11)	24
Income (Loss) Before Income Taxes	(59)	1,210	112	18	1,281
Provision (Benefit) for Income Taxes	—	359	169	—	528
Equity in Earnings, Net of Tax	812	231	327	(1,370)	—
Net Income (Loss)	$ 753	$ 1,082	$ 270	$ (1,352)	$ 753

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

(in millions)

	2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Income (Loss)	$ 753	$ 1,082	$ 270	$ (1,352)	$ 753
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	2	—	3	—	5
Foreign Currency Translation	—	—	(2)	—	(2)
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	1	—	1
Total Other Comprehensive Income (Loss), Net of Tax	2	—	2	—	4
Total Comprehensive Income	$ 755	$ 1,082	$ 272	$ (1,352)	$ 757

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	$ —	$ 9,570	$ 3,334	$ (2,540)	$ 10,364
Costs of Goods Sold, Buying and Occupancy	—	(5,943)	(2,782)	2,418	(6,307)
Gross Profit	—	3,627	552	(122)	4,057
General, Administrative and Store Operating Expenses	(5)	(2,297)	(517)	121	(2,698)
Impairment of Goodwill and Other Intangible Assets	—	—	(232)	—	(232)
Gain on Divestiture of Third-party Apparel Sourcing Business	—	6	105	—	111
Operating Income (Loss)	(5)	1,336	(92)	(1)	1,238
Interest Expense	(245)	(25)	(12)	36	(246)
Other Income (Loss)	251	(247)	244	(13)	235
Income (Loss) Before Income Taxes	1	1,064	140	22	1,227
Provision (Benefit) for Income Taxes	2	324	51	—	377
Equity in Earnings, Net of Tax	851	356	207	(1,414)	—
Net Income (Loss)	$ 850	$ 1,096	$ 296	$ (1,392)	$ 850

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

(in millions)

	2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Income (Loss)	$ 850	$ 1,096	$ 296	$ (1,392)	$ 850
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	3	—	—	—	3
Foreign Currency Translation	—	—	(1)	—	(1)
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	(3)	—	(3)
Total Other Comprehensive Income (Loss), Net of Tax	3	—	(4)	—	(1)
Total Comprehensive Income	$ 853	$ 1,096	$ 292	$ (1,392)	$ 849

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2010				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	$ —	$ 9,005	$ 2,587	$ (1,979)	$ 9,613
Costs of Goods Sold, Buying and Occupancy	—	(5,655)	(2,161)	1,834	(5,982)
Gross Profit	—	3,350	426	(145)	3,631
General, Administrative and Store Operating Expenses	(4)	(2,212)	(286)	161	(2,341)
Impairment of Goodwill and Other Intangible Assets	—	(6)	—	—	(6)
Operating Income (Loss)	(4)	1,132	140	16	1,284
Interest Expense	(207)	—	(13)	12	(208)
Other Income (Loss)	(26)	15	196	(10)	175
Income (Loss) Before Income Taxes	(237)	1,147	323	18	1,251
Provision (Benefit) for Income Taxes	1	338	107	—	446
Equity in Earnings, Net of Tax	1,043	862	313	(2,218)	—
Net Income (Loss)	$ 805	$ 1,671	$ 529	$ (2,200)	$ 805

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

(in millions)

	2010				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Income (Loss)	$ 805	$ 1,671	$ 529	$ (2,200)	$ 805
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	10	—	31	—	41
Foreign Currency Translation	—	—	(1)	—	(1)
Unrealized Gain (Loss) on Cash Flow Hedges	(1)	—	(23)	—	(24)
Total Other Comprehensive Income (Loss), Net of Tax	9	—	7	—	16
Total Comprehensive Income	$ 814	$ 1,671	$ 536	$ (2,200)	$ 821

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2012				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ (99)	$ 986	$ 464	$ —	$ 1,351
Investing Activities:					
Capital Expenditures	—	(344)	(244)	—	(588)
Return of Capital from Third-party Apparel Sourcing Business Investment	—	—	22	—	22
Return of Capital from Easton Investments	—	—	13	—	13
Proceeds from Sale of Assets	—	9	2	—	11
Net Investments in Consolidated Affiliates	—	36	—	(36)	—
Other Investing Activities	—	8	3	—	11
Net Cash Provided by (Used for) Investing Activities	—	(291)	(204)	(36)	(531)
Financing Activities:					
Proceeds from Long-term Debt, Net of Issuance and Discount Costs	985	—	—	—	985
Payments of Long-term Debt	(57)	—	—	—	(57)
Repurchase of Common Stock	(629)	—	—	—	(629)
Dividends Paid	(1,449)	—	—	—	(1,449)
Excess Tax Benefits from Share-based Compensation	—	95	21	—	116
Net Financing Activities and Advances to/from Consolidated Affiliates	1,197	(744)	(489)	36	—
Proceeds From Exercise of Stock Options and Other	52	—	—	—	52
Net Cash Provided by (Used for) Financing Activities	99	(649)	(468)	36	(982)
Effects of Exchange Rate Changes on Cash	—	—	—	—	—
Net Increase (Decrease) in Cash and Cash Equivalents	—	46	(208)	—	(162)
Cash and Cash Equivalents, Beginning of Year	—	371	564	—	935
Cash and Cash Equivalents, End of Year	$ —	$ 417	$ 356	$ —	$ 773

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ 73	$ 978	$ 215	$ —	$ 1,266
Investing Activities:					
Capital Expenditures	—	(219)	(207)	—	(426)
Proceeds from Divestiture of Third-party Apparel Sourcing Business	—	78	46	—	124
Proceeds from Sale of Express Common Stock	—	—	99	—	99
Net Investments in Consolidated Affiliates	—	(36)	—	36	—
Other Investing Activities	—	—	(23)	—	(23)
Net Cash Provided by (Used for) Investing Activities	—	(177)	(85)	36	(226)
Financing Activities:					
Proceeds from Long-term Debt, Net of Issuance and Discount Costs	981	—	—	—	981
Financing Costs	(7)	—	—	—	(7)
Repurchase of Common Stock	(1,190)	—	—	—	(1,190)
Dividends Paid	(1,144)	—	—	—	(1,144)
Excess Tax Benefits from Share-based Compensation	—	39	9	—	48
Net Financing Activities and Advances to/from Consolidated Affiliates	1,212	(1,170)	(6)	(36)	—
Proceeds From Exercise of Stock Options and Other	75	—	—	—	75
Net Cash Provided by (Used for) Financing Activities	(73)	(1,131)	3	(36)	(1,237)
Effects of Exchange Rate Changes on Cash	—	—	2	—	2
Net Increase (Decrease) in Cash and Cash Equivalents	—	(330)	135	—	(195)
Cash and Cash Equivalents, Beginning of Year	—	701	429	—	1,130
Cash and Cash Equivalents, End of Year	$ —	$ 371	$ 564	$ —	$ 935

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2010				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ (355)	$ 1,206	$ 433	$ —	$ 1,284
Investing Activities:					
Capital Expenditures	—	(129)	(145)	—	(274)
Proceeds from Sale of Express Common Stock	—	—	73	—	73
Return of Capital from Express	—	—	49	—	49
Proceeds from Divestiture of Limited Stores	—	—	32	—	32
Return of Capital from Limited Stores	—	—	7	—	7
Net Investments in Consolidated Affiliates	—	—	29	(29)	—
Other Investing Activities	—	—	7	—	7
Net Cash Provided by (Used for) Investing Activities	—	(129)	52	(29)	(106)
Financing Activities:					
Proceeds from Long-term Debt, Net of Issuance and Discount Costs	390	—	—	—	390
Payments of Long-term Debt	(645)	—	—	—	(645)
Financing Costs	(14)	—	—	—	(14)
Repurchase of Common Stock	(207)	—	—	—	(207)
Dividends Paid	(1,488)	—	—	—	(1,488)
Excess Tax Benefits from Share-based Compensation	—	15	4	—	19
Net Financing Activities and Advances to/from Consolidated Affiliates	2,231	(1,832)	(428)	29	—
Proceeds From Exercise of Stock Options and Other	88	—	—	—	88
Net Cash Provided by (Used for) Financing Activities	355	(1,817)	(424)	29	(1,857)
Effects of Exchange Rate Changes on Cash	—	—	5	—	5
Net Increase (Decrease) in Cash and Cash Equivalents	—	(740)	66	—	(674)
Cash and Cash Equivalents, Beginning of Year	—	1,441	363	—	1,804
Cash and Cash Equivalents, End of Year	$ —	$ 701	$ 429	$ —	$ 1,130

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Information regarding changes in accountants is set forth under the caption "INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS" in our proxy statement to be filed on or about April 8, 2013 for the Annual Meeting of Stockholders to be held May 23, 2013 (the "Proxy Statement") and is incorporated herein by reference.

There were no disagreements with accountants on accounting and financial disclosure.

ITEM 9A. 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 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 SEC 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.

Management's Report on Internal Control Over Financial Reporting. Management's Report on Internal Control Over Financial Reporting as of February 2, 2013 is set forth in Item 8. Financial Statements and Supplementary Data.

Attestation Report of the Registered Public Accounting Firm. The Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting as of February 2, 2013 is set forth in Item 8. Financial Statements and Supplementary Data.

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

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our directors is set forth under the captions "ELECTION OF DIRECTORS—Nominees and Directors", "—Director Independence", "—Board Leadership Structure ", "—Risk Oversight: Certain Compensation Matters", "—Information Concerning the Board of Directors", "—Committees of the Board of Directors", "—Meetings of the Company's Non-Management Directors", "—Communications with the Board", "—Attendance at Annual Meetings", "—Code of Conduct and Related Person Transaction Policy", "—Copies of the Company's Code of Conduct, Corporate Governance Principles and Related Person Transaction Policy and Committee Charters", and "SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT" in the Proxy Statement and is incorporated herein by reference. Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, is set forth under the caption "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" in the Proxy Statement and is incorporated herein by reference. Information regarding executive officers is set forth herein under the caption "EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I.

ITEM 11. EXECUTIVE COMPENSATION.

Information regarding executive compensation is set forth under the caption "COMPENSATION-RELATED MATTERS" in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information regarding the security ownership of certain beneficial owners and management is set forth under the captions "SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT" in the Proxy Statement and "SHARE OWNERSHIP OF PRINCIPAL STOCKHOLDERS" in the Proxy Statement and is incorporated herein by reference.

The following table summarizes share and exercise price information about Limited Brands' equity compensation plans as of February 2, 2013.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	15,924,441	$ 23.16 (2)	16,722,074
Equity compensation plans not approved by security holders	—	—	—
Total	15,924,441	$ 23.16	16,722,074

(1) Includes the following plans: Limited Brands, Inc. 2011 Stock Option and Performance Incentive Plan, Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2009 restatement), Limited Brands, Inc. and 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors.

(2) Does not include outstanding rights to receive Common Stock upon the vesting of restricted shares awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information regarding certain relationships and related transactions is set forth under the caption "ELECTION OF DIRECTORS—Nominees and Directors" and "—Director Independence" in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information regarding principal accountant fees and services is set forth under the captions "INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS—Audit fees", "—Audit related fees", "—Tax fees", "—All other fees" and "—Pre-approval policies and procedures" in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Consolidated Financial Statements

The following consolidated financial statements of Limited Brands, Inc. and subsidiaries are filed as part of this report under Item 8. Financial Statements and Supplementary Data:

Management's Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

Consolidated Statements of Income for the Years Ended February 2, 2013, January 28, 2012, and January 29, 2011

Consolidated Statements of Comprehensive Income for the Years Ended February 2, 2013, January 28, 2012, and January 29, 2011

Consolidated Balance Sheets as of February 2, 2013 and January 28, 2012

Consolidated Statements of Total Equity for the Years Ended February 2, 2013, January 28, 2012, and January 29, 2011

Consolidated Statements of Cash Flows for the Years Ended February 2, 2013, January 28, 2012, and January 29, 2011

Notes to Consolidated Financial Statements

(a) (2) Financial Statement Schedules

Schedules have been omitted because they are not required or are not applicable or because the information required to be set forth therein either is not material or is included in the financial statements or notes thereto.

(a) (3) List of Exhibits

3. Articles of Incorporation and Bylaws.

3.1 Certificate of Incorporation of the Company, dated March 8, 1982 incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.

3.2 Certificate of Amendment of Certificate of Incorporation, dated May 19, 1986 incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.

3.3 Certificate of Amendment of Certificate of Incorporation, dated May 19, 1987 incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.

3.4 Certificate of Amendment of Certificate of Incorporation dated May 31, 2001 incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 5, 2001.

3.5 Amended and Restated Bylaws of the Company incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 3, 2003.

3.6 Amended and Restated Bylaws of the Company incorporated by reference to Exhibit 3.1 to the Company's Form 8-K dated July 19, 2012.

4. Instruments Defining the Rights of Security Holders.

4.1 Conformed copy of the Indenture dated as of March 15, 1988 between the Company and The Bank of New York, incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File no. 333-105484) dated May 22, 2003.

4.2 Proposed form of Debt Warrant Agreement for Warrants attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-3 (File no. 33-53366) originally filed with the Securities and Exchange Commission (the "Commission") on October 16, 1992, as amended by Amendment No. 1 thereto, filed with the Commission on February 23, 1993 (the "1993 Form S-3").

4.3	Proposed form of Debt Warrant Agreement for Warrants not attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.3 to the 1993 Form S-3.
4.4	Indenture, dated as of February 19, 2003 between the Company and The Bank of New York, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-4 (File no. 333-104633) dated April 18, 2003.
4.5	First Supplemental Indenture dated as of May 31, 2005 among the Registrant, The Bank of New York and The Bank of New York Trust Company, N.A. incorporated by reference to Exhibit 4.1.2 to the Company's Registration Statement on Form S-3 (Reg. No. 333-125561) filed June 6, 2005.
4.6	Second Supplemental Indenture dated as of July 17, 2007 between the Registrant and The Bank of New York Trust Company, N.A. incorporated by reference to Exhibit 4.1.4 to the Company's Registration Statement on Form S-3 (Reg. No. 333-146420) filed October 1, 2007.
4.7	Third Supplemental Indenture dated as of May 4, 2010 between the Registrant, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A. incorporated by reference to Exhibit 4.1.4 to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on November 5, 2010.
4.8	Amendment and Restatement Agreement, dated as of July 15, 2011, among Limited Brands, Inc., the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, under the Amended and Restated Five-Year Revolving Credit Agreement dated as of October 6, 2004, as amended and restated as of November 5, 2004, March 22, 2006, August 3, 2007, February 19, 2009 and March 8, 2010, incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 30, 2011.
4.9	Indenture, dated as of June 19, 2009, among Limited Brands, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated June 24, 2009.
4.10	Registration Rights Agreement, dated as of June 19, 2009, among Limited Brands, Inc., the guarantors named therein and J.P. Morgan Securities Inc., as representative of the initial purchasers, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 24, 2009.
4.11	Fourth Supplemental Indenture dated as of January 29, 2011 between the Registrant, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A. incorporated by reference to Exhibit 4.1.5 to the post-effective amendment to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on November 5, 2010.
4.12	Form of Fifth Supplemental Indenture between the Registrant, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A. incorporated by reference to Exhibit 4.1.6 to the post-effective amendment to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on November 5, 2010.
4.13	Sixth Supplemental Indenture dated as of February 7, 2012 among Limited Brands, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2012.
10.	Material Contracts.
10.1	Officers' Benefits Plan incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1989 (the "1988 Form 10-K").**
10.2	The Limited Supplemental Retirement and Deferred Compensation Plan incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.**
10.3	Form of Indemnification Agreement between the Company and the directors and executive officers of the Company incorporated by reference to Exhibit 10.4 to the 1998 Form 10-K.**
10.4	Supplemental schedule of directors and executive officers who are parties to an Indemnification Agreement incorporated by reference to Exhibit 10.5 to the 1998 Form 10-K.**
10.5	The 1993 Stock Option and Performance Incentive Plan of the Company, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-8 (File No. 33-49871).**
10.6	Limited Brands, Inc. (formerly The Limited, Inc.) 1996 Stock Plan for Non-Associate Directors incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 2, 1996.**

10.7 Limited Brands, Inc. (formerly The Limited, Inc.) Incentive Compensation Performance Plan incorporated by reference to Exhibit A to the Company’s Proxy Statement dated April 14, 1997.**

10.8 Agreement dated as of May 3, 1999 among Limited Brands, Inc. (formerly The Limited, Inc.), Leslie H. Wexner and the Wexner Children’s Trust, incorporated by reference to Exhibit 99 (c) 1 to the Company’s Schedule 13E-4 dated May 4, 1999.

10.9 The 1998 Restatement of Limited Brands, Inc. (formerly The Limited, Inc.) 1993 Stock Option and Performance Incentive Plan incorporated by reference to Exhibit A to the Company’s Proxy Statement dated April 20, 1998.**

10.10 The 2002 Restatement of Limited Brands, Inc. (formerly The Limited, Inc.) 1993 Stock Option and Performance Incentive Plan, incorporated by reference to Exhibit 10.23 to the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2003.**

10.11 Limited Brands, Inc. Stock Award and Deferred Compensation Plan for Non-Associate Directors incorporated by reference to Exhibit 4.1 to the Company’s Registration Statement on Form S-8 (File no. 333-110465) dated November 13, 2003.**

10.12 Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2003 Restatement) incorporated by reference to Exhibit 4.2 to the Company’s Registration Statement on Form S-8 (File no. 333-110465) dated November 13, 2003.**

10.13 Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2004 Restatement) incorporated by reference to Appendix A to the Company’s Proxy Statement dated April 14, 2004.**

10.14 Employment Agreement dated as of January 17, 2005 among Limited Brands, Inc., The Limited Service Corporation and Martyn Redgrave incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K dated January 19, 2005.**

10.15 Limited Brands, Inc. Stock Option Award Agreement incorporated by reference to Exhibit 10.29 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2005.**

10.16 Form of Stock Ownership Guideline incorporated by reference to Exhibit 10.32 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2005.**

10.17 Employment Agreement dated as of November 24, 2006 among Limited Brands, Inc., Victoria’s Secret Direct, LLC, and Sharen Jester Turney incorporated by reference to Exhibit 10.28 to the Company’s Annual Report on Form 10-K for the fiscal year ended February 3, 2007.**

10.18 Employment Agreement effective as of April 9, 2007 among Limited Brands, Inc. and Stuart Burgdoerfer incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K dated April 11, 2007.**

10.19 Amendment to Employment Agreement dated as of March 28, 2008 among Limited Brands, Inc., and Sharen Jester Turney incorporated by reference to Exhibit 10.24 to the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2008.**

10.20 Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2009 Restatement) incorporated by reference to Exhibit 99.1 to the Company’s Registration Statement on Form S-8 (File no. 333-110465) dated September 10, 2009.**

10.21 Employment Agreement dated as of July 5, 2011 among Bath & Body Works Brand Management, Inc. and Nicholas P. M. Coe incorporated by reference to Exhibit 10.23 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.**

10.22 Employment Agreement dated as of December 31, 2007 among Limited Brands, Inc., Beauty Avenues, LLC, and Charles C. McGuigan, as amended by Amendment to Agreement dated December 1, 2008 and Form of Employment Agreement Amendment effective as of March 15, 2012 incorporated by reference to Exhibit 10.24 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.**

10.23 The Limited Brands Inc. 2011 Stock Option and Performance Incentive Plan originally incorporated by reference to Appendix A to the Company's Proxy Statement dated April 11, 2011 and Amended and Restated dated July 21, 2011 incorporated by reference to Exhibit 10.25 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.**

10.24 Amendment to Employment Agreement dated as of August 1, 2012 among Limited Brands, Inc., Limited Brands Service Company, LLC and Martyn Redgrave incorporated by reference to the Company’s Form 8-K dated May 4, 2012.**

10.25	Employment Agreement dated as of November 30, 2012 among Limited Brands, Inc. and Sharen Jester Turney incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended October 27, 2012.**
10.26	Employment Agreement dated as of March 15, 2013 among Limited Brands, Inc., Bath & Body Works Brand Management, Inc. and Nicholas P. M. Coe filed hereto at Exhibit 10.26.**
10.27	Form of Fifth Amended and Restated Master Aircraft Time Sharing Agreement filed hereto at Exhibit 10.27.**
12.	Computation of Ratio of Earnings to Fixed Charges.
14.	Code of Ethics—incorporated by reference to the definitive Proxy Statement to be filed on or about April 8, 2013.
21.	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP.
24.	Powers of Attorney.
31.1	Section 302 Certification of CEO.
31.2	Section 302 Certification of CFO.
32.	Section 906 Certification (by CEO and CFO).

** Identifies management contracts or compensatory plans or arrangements.

(b) Exhibits.

The exhibits to this report are listed in section (a)(3) of Item 15 above.

(c) Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or l5(d) 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.

Date: March 22, 2013

LIMITED BRANDS, INC. (registrant)

By: /s/ STUART B. BURGDOERFER

Stuart B. Burgdoerfer,
Executive Vice President,
Chief Financial Officer *

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 2, 2013:

Signature	Title
/s/ LESLIE H. WEXNER** Leslie H. Wexner	Chairman of the Board of Directors and Chief Executive Officer
/s/ E. GORDON GEE** E. Gordon Gee	Director
/s/ DENNIS S. HERSCH** Dennis S. Hersch	Director
/s/ JAMES L. HESKETT** James L. Heskett	Director
/s/ DONNA A. JAMES** Donna A. James	Director
/s/ DAVID T. KOLLAT** David T. Kollat	Director
/s/ WILLIAM R. LOOMIS, JR.** William R. Loomis, Jr.	Director
/s/ JEFFREY H. MIRO** Jeffrey H. Miro	Director
/s/ MICHAEL MORRIS** Michael Morris	Director
/s/ ALLAN R. TESSLER** Allan R. Tessler	Director
/s/ ABIGAIL S. WEXNER** Abigail S. Wexner	Director
/s/ RAYMOND ZIMMERMAN** Raymond Zimmerman	Director

** The undersigned, by signing his name hereto, does hereby sign this report on behalf of each of the above-indicated directors of the registrant pursuant to powers of attorney executed by such directors.

By /s/ STUART B. BURGDOERFER

Stuart B. Burgdoerfer
Attorney-in-fact

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

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

LIMITED BRANDS, INC.
(exact name of Registrant as specified in its charter)

EXHIBITS

EXHIBIT INDEX

Exhibit No.	Document
10.26	Employment Agreement dated as of March 15, 2013 among Limited Brands, Inc., Bath & Body Works Brand Management, Inc. and Nicholas P. M. Coe.
10.27	Form of Fifth Amended and Restated Master Aircraft Time Sharing Agreement.
12	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP.
24	Powers of Attorney.
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

Exhibit 10.26

EMPLOYMENT AGREEMENT AMENDMENT

This Amendment ("Amendment") to the Employment Agreement (defined below) is effective March 15, 2013 and is entered into between Limited Brands, Inc. and Bath & Body Works Brand Management, Inc. (the "Company") and Nicholas Coe (the "Executive") and shall for all purposes constitute and be deemed an amendment to the Employment Agreement entered into as of June 9, 2011, by and between Bath & Body Works Brand Management, Inc. and the Executive (the "Employment Agreement"). The Employment Agreement, as modified by this Amendment, shall govern the terms and conditions of Executive's employment relationship with the Company.

WHEREAS, nothing in this Amendment shall cancel or modify any previous grant of stock options or restricted stock which was previously granted to the Executive or any rights to repurchase shares represented by such grants;

WHEREAS, the Executive and the Company desire to cause the Employment Agreement to be amended as provided herein; and

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the parties contained herein, the parties agree to amend the Executive's Employment Agreement as follows:

1. Section 10 is amended in its entirety as follows:

Compensation Upon Certain Terminations

(a) If during the term of the Agreement, whether or not following a Change in Control (as defined in the Plan), the Executive's employment is terminated by the Company for Cause or by reason of the Executive's death, or if the Executive gives the Company a written Notice of Termination other than one for Good Reason, the Company's sole obligations hereunder shall be to pay the Executive the following amounts earned hereunder but not paid as of the Termination Date: (i) Base Salary, (ii) reimbursement for any and all monies advanced or expenses incurred pursuant to Section 7(b) through the Termination Date, and (iii) any earned compensation which the Executive had previously deferred until termination of employment or which, by operation of the applicable plan and/or deferral election, would cause distribution to occur upon termination of employment (including any interest earned or credited thereon) (collectively, "Accrued Compensation"). The Executive's entitlement to any other benefits shall be determined in accordance with the Company's employee benefit plans then in effect.

(b) If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, in each case other than during the 24-month period immediately following a Change in Control, the Company's sole obligations hereunder shall be as follows:

(i) the Company shall pay the Executive the Accrued Compensation;

(ii) the Company shall continue to pay the Executive his Base Salary for a period of one (1) year following the Termination Date ("Separation Pay") in accordance with Section 10(h);

(iii) in consideration of the Executive signing a general release in a form acceptable to the Company (the "General Release"), the Company shall (A) pay the Executive in accordance with Section 10(h) any incentive compensation under the plan described in Section 6 that the Executive would have received if he had remained employed with the Company for a period of one (1) year after the Termination Date ("Incentive Pay"); and (B) pay the Executive his Base Salary for one additional year after payments have ended under Section 10(b)(ii) in accordance with Section 10(h) ("Additional Separation Pay"); provided, however that the Executive's failure to sign, or revocation of such, General Release shall render this Section 10(b)(iii) null and void.

(c) If the Executive's employment is terminated by the Company by reason of the Executive's Disability, the Company's sole obligations hereunder shall be as follows:

(i) the Company shall pay the Executive the Accrued Compensation; and

(ii) the Executive shall be entitled to receive disability benefits available under the Company's Executive Long Term Disability Plan.

(d) For up to eighteen (18) months during the period the Executive is receiving Separation Pay or Additional Separation Pay pursuant to Section 10(b), the Company shall, at its expense, provide to the Executive and the Executive's beneficiaries medical and dental benefits substantially similar in the aggregate to the those provided to the Executive immediately prior to the date of the Executive's termination of employment; provided, however, that the Company's obligation to provide such benefits shall cease after eighteen (18) months or the Executive's first day of employment, whichever is earlier.

(e) In the event Executive becomes entitled to any payments under Section 10(f), the Company will have no obligation to make any payments set forth in Sections 10(b) or (c) or provide the benefits set forth in Section 10 (d).

(f) If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, in each case during the 24 consecutive month period immediately following a Change in Control, the Company's sole obligations hereunder subject to the Executive's execution of a General Release, provided, however that the Executive's failure to sign, or revocation of such, General Release shall render this Section 10(f) null and void, shall be as follows:

(i) the Company shall pay the Executive the Accrued Compensation;

(ii) the Company shall pay an amount equal to two times the Executive's Base Salary in accordance with Section 10(h) (the "Severance Amount");

(iii) the Company shall pay the Executive in accordance with Section 10(h) an amount equal to the sum of the last four (4) bonus payments the Executive received under the Company's incentive compensation plan described in Section 6 and a pro-rata amount for the season in which the Executive's employment is terminated based on the average of the prior four (4) bonus payments and the number of days the Executive is employed during such season (the "Bonus Amount"); and

(iv) the Company shall reimburse the Executive for all documented legal fees and expenses reasonably incurred by the Executive in seeking to obtain or enforce any right or benefit provided by this Section 10 (f) or Section 10(g).

(g) Except as provided in Section 10(d), the Executive shall not be required to mitigate the amount of any payment provided for in this Section 10 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 10 be reduced by any compensation earned by the Executive as the result of employment by another employer.

(h) For purposes of this Section 10, subject to Section 12, payment of Separation Pay, Additional Separation Pay, the Severance Amount and/or Bonus Amount shall commence within sixty (60) days after the Executive's Termination Date; provided that the Executive has delivered an executed copy of the General Release to the Company as may be required by Section 10(b) or 10(f) and the seven (7) day period during which the Executive may revoke the General Release has expired; and provided further that if such sixty (60) day period begins in one (1) calendar year and ends in a second calendar year, payment shall always begin in the second calendar year. Such Separation Pay and Additional Separation Pay shall be paid in equal consecutive bi-weekly payments, less applicable withholdings, through the Company's normal payroll process. The Severance Amount and the Bonus Amount shall be paid in equal consecutive bi-weekly payments, less applicable withholdings, through the Company's normal payroll process, during the two (2) year period following the Executive's Termination Date. Notwithstanding the foregoing and subject to Section 12, payment of Incentive Pay shall be paid as follows: (i) for the applicable Spring Season, in a lump sum cash payment, less applicable withholdings, between September 1 and September 15 of the same calendar year in which the Spring Season ends; and (ii) for the applicable Fall Season, in a lump sum cash payment, less applicable withholdings, between March 1 and March 15 of the same calendar year in which the Fall Season ends.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Executive has executed this Agreement as of the day and year first above written.

LIMITED BRANDS, INC.
BATH & BODY WORKS BRAND MANAGEMENT, INC.

By: /s/ LESLIE H. WEXNER
Name: Leslie H. Wexner
Title: Chairman

/s/ NICHOLAS COE
Nicholas Coe

Exhibit 10.27

FIFTH AMENDED AND RESTATED
MASTER AIRCRAFT TIMESHARING AGREEMENT

This Master Aircraft Time Sharing Agreement **("Agreement")** is dated as of ____________, 2010 and is between ___________________________ (the "**Company**"), and each of the individuals whose name appears on Schedule 1 hereto, as the same may be amended from time to time (each, a **"Time Share Lessee").**

Recitals: This Agreement is made under the following circumstances.

A. The Company controls and operates in the legal capacity of lessee each of the Aircraft (as defined and described below).

B. The Company employs (or contracts for the services of) a fully qualified flight crew to operate each Aircraft.

C. Each Time Share Lessee is either a director, officer or high ranking executive employee of the Company or of a corporation that controls or is under common control with the Company.

D. The Company has determined that, incident to the employment or directorship relationship between the Time Share Lessees and the Company or the Company's affiliates, it is to the benefit of the Company to permit the use of the Aircraft by the Time Share Lessees for personal flight needs, to the extent consistent with the scheduling needs of the Company, for many of the same reasons that support use of the Aircraft by the Time Share Lessees for travel on Company-related business, including but not necessarily limited to: enhancing security and privacy; maintaining communication between the Company and its directors, officers and high ranking executives; permitting the Time Share Lessees in their capacity as directors, officers or high ranking executives to work on Company-related business while traveling by providing a convenient, private and confidential setting for the review of sensitive documents or the conduct of confidential discussions by telephone or in person; and reducing travel-related stress, delay and fatigue that might otherwise reduce efficiency or delay the return to work; and the Company is therefore willing to sublease the Aircraft, with flight crew, on a non-exclusive basis, to the Time Share Lessees on a time sharing basis as defined in Section 91.501(c)(1) of the FAR.

E. Each of the Time Share Lessees desires from time to time to sublease the Aircraft, with a flight crew, on a non-exclusive basis, from the Company on a time sharing basis.

F. During the Term of this Agreement, the Aircraft will be subject to use by the Company and/or other one or more subleases to third-parties.

G. The Company and various of the Time Share Lessees entered into an Aircraft Time Share Agreement dated as of December 8, 2004 (the "Original Agreement"), which was subsequently amended by Amendment No. 2, also dated as of December 8, 2004, to adjust the amount of the flight charges under Section 4.1, and which was amended by Amendments No. 1 and No. 3, dated as of January 13, 2005 and February 3, 2005, respectively, adding certain other Time Share Lessees; by the Amended and Restated Aircraft Time Sharing Agreement dated April 8, 2005, which in turn was supplemented by Supplement No. 1 to Amended and Restated Aircraft Time Sharing Agreement, dated as of May 17, 2005; by the Second Amended and Restated Master Aircraft Time Sharing Agreement, dated as of January 25, 2006; by the Third Amended and Restated Master Aircraft Time Sharing Agreement, dated as of October 3, 2006; and by the Fourth Amended and Restated Master Aircraft Time Sharing Agreement, dated as of May 21, 2008.

H. Since May 21, 2008, (a) each of the prior Time Share Lessees, except those listed on Schedule 1 attached hereto, has ceased to be a Time Share Lessee, and (b) the Company has ceased to be the operator of certain of the Aircraft described in the Fourth Amended and Restated Master Aircraft Time Sharing Agreement.

I. For convenience, the Company and the Time Share Lessees desire to restate the Agreement, as amended, in its entirety.

J. By virtue of executing the Original Agreement, one or more of the amendments to the Original Agreement, or the Application To Be Bound, as the case may be, each of the Time Share Lessees and former Time Share Lessees has authorized the Company to execute and deliver this Agreement, and any necessary future amendments, on their behalf, as more fully provided below.

NOW, THEREFORE, the Company and each Time Share Lessee hereby agree as follows. Section 1. Definitions.

1.1. **Specific Terms.** As used in used in this Agreement, the following defined terms have the following meanings.

"Agreement" is defined in the preamble.

"Aircraft" means each of the Airframes, the Engines, and the Aircraft Documents. Such Engines shall be deemed part of the "Aircraft" whether or not from time to time attached to the Airframe or removed from the Aircraft.

"Aircraft Documents" means, as to any Aircraft, all flight records, maintenance records, historical records, modification records, overhaul records, manuals, logbooks, authorizations, drawings and data relating to the Airframe, any Engine, or any Part, that are required by Applicable Law to be created or maintained with respect to the maintenance and/or operation of the Aircraft.

"Airframe" means each of the Airframes listed in Schedule 2 attached hereto and made a part hereof, as the same may be amended from time to time as set forth below, together with any and all Parts (including, but not limited to, landing gear and auxiliary power units but excluding Engines or engines) so long as such Parts shall be either incorporated or installed in or attached to the Airframe.

"Applicable Law" means, without limitation, all applicable laws, treaties, international agreements, decisions and orders of any court, arbitration or governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including, without limitation, the FAR and 49 U.S.C. § 41101, et seq ., as amended.

"Business Day" means Monday through Friday, exclusive of legal holidays under the laws of the United States, or the State of Ohio.

"Company" is defined in the preamble.

"Effective Date" means: (a) December 8, 2004, as to any person who was a Time Share Lessee under the Original Agreement; (b) as to any other person who was a Time Share Lessee before the date of this Agreement, the date of the prior amendment to the Original Agreement, or the supplement thereto, whereby that person became a Time Share Lessee; and (c) as to any other Time Share Lessee, the date of this Agreement.

"Engines" means, as to each Airframe, the engines identified in Schedule 2 (or any replacement or loaner engines), as the same may be amended from time to time as set forth below, together with any and all Parts so long as the same shall be either incorporated or installed in or attached to such Engine.

"FAA" means the Federal Aviation Administration or any successor agency.

"FAR" means collectively the Aeronautics Regulations of the Federal Aviation Administration and the Department of Transportation, as codified at Title 14, Parts 1 to 399 of the United States Code of Federal Regulations.

"Flight Charges" means the amount calculated under Section 4.1 below.

"Flight Hour" means each flight hour, calculated in tenths of an hour, of use of the Aircraft by a Time Share Lessee, as recorded on the Aircraft hour meter.

"Headlease" means, as to any Aircraft, the Aircraft Lease Agreement between the Owner and the Company, as the same may be amended from time to time, the terms and conditions of which are incorporated into this Agreement by reference.

"Operating Base" means Port Columbus Airport, Columbus, Ohio.

"Operational Control" has the same meaning given the term in Section 1.1 of the FAR. **"Original Agreement"** is defined in the recitals.

"Owner" means, as to each Aircraft, the registered owner of the Aircraft as shown by the records of the FAA.

"Parts" means, as to any Aircraft, all appliances, components, parts, instruments, appurtenances, accessories, furnishings or other equipment of whatever nature (other than complete Engines or engines) which may from time to time be incorporated or installed in or attached to the Airframe or any Engine and includes replacement parts.

"Pilot in Command" has the same meaning given the term in Section 1.1 of the FAR. "SIFL Rate" means the Standard Industry Fare Level rate as calculated in accordance with the regulations of the Internal Revenue Service from time to time in effect.

"Taxes" means all sales taxes, use taxes, retailer taxes, duties, fees, excise taxes (including, without limitation, federal transportation excise taxes), or other taxes of any kind which may be assessed or levied by any Taxing Jurisdiction as a result of the sublease of the Aircraft to a Time Share Lessee, or the use of the Aircraft by a Time Share Lessee, or the provision of a taxable transportation service to a Time Share Lessee using the Aircraft.

"Taxing Jurisdictions" means any federal, state, county, local, airport, district, foreign, or other governmental authority that imposes Taxes.

"Term" means the term of this Agreement set forth in Section 3.

"Time Share Lessee" is defined in the preamble. Upon execution of any supplements to Schedule 1, each person named in and signing the supplement will become an additional Time Sharing Lessee, effective as of the date shown therein as to that person.

1.2. Other Terms. Unless otherwise specified, the following terms, whether or not capitalized, will have the following meanings as used in this Agreement. "Hereof", "herein", "hereunder" and similar terms refer to this Agreement as a whole, and are not limited to the section or subdivision of this Agreement in which the term appears. "Includes, "including" and similar terms mean without limitation. "Person" includes any natural person, corporation, general or limited partnership, limited liability company, other incorporated or unincorporated association, trust, governmental body or other entity.

Section 2. Agreement to Sublease.

2.1. Agreement to Sublease. The Company agrees to sublease the Aircraft to Time Share Lessees on an "as needed and as available" basis, and to provide a fully qualified flight crew for all flights of each Time Share Lessee, in accordance with the terms and conditions of this Agreement.

2.2. Independent Agreements. The Time Share Lessees are listed in a single document for the sole purpose of convenience of the Company. This Agreement constitutes a separate Time Sharing Agreement as between the Company and each Time Share Lessee. Without limiting the preceding sentence:

2.2.1. The Company may from time to time agree to add additional persons as a Time Share Lessee, without notice to the existing Time Share Lessees. Each such agreement will be evidenced by a supplement to Schedule 1, signed by the Company and the new Time Share Lessee(s), setting forth the new Time Share Lessee's notice address, the date as to which this Agreement becomes effective as to the new Time Share Lessee, and his or her commitment to be bound by this Agreement.

2.2.2. The rights and obligations of each Time Share Lessee are independent of one another. Under no circumstances will any Time Share Lessee be deemed liable for any monetary or non-monetary obligations of any other Time Share Lessee hereunder, whether jointly, severally, or by way of suretyship or guaranty.

2.2.3. Termination of this Agreement as to any one or more of the Time Share Lessees does not terminate the Agreement as to any other Time Share Lessee.

2.3. Intent and Interpretation. The parties hereto intend that this Agreement constitute, and this Agreement shall be interpreted as, a *Time Sharing Agreement* as defined in Section 91.501(c)(1) of the FAR.

2.4. Non-Exclusivity. Each Time Share Lessee acknowledges that the Aircraft is subleased to Time Share Lessees hereunder on a non-exclusive basis, and that the Aircraft will also be subject use by the Company and the Company's parent, subsidiaries, and affiliates, and may also be subject to non-exclusive sublease to others during the Term.

Section 3. Term. As to each Time Share Lessee, the Term begins on the Effective Date, and ends on the December 31 next following; provided, however, that as to any person added as a Time Share Lessee after the Effective Date pursuant to Section 2.2.1 above, the Term will begin on the date specified in the supplement to Schedule 1 adding the person as a Time Share Lessee. At the end of the initial Term or any subsequent Term, this Agreement will automatically be renewed for an additional one year Term. The foregoing notwithstanding:

A) This Agreement ends automatically as to any Time Share Lessee when that Time Share Lessee is neither an officer, director or employee of the Company nor of any parent corporation, subsidiary or affiliate of the Company.

B) Each Time Share Lessee may terminate this Agreement with or without cause on 30 days written notice to the Company, and the Company may terminate this Agreement as to any one or more Time Share Lessees with or without cause on 30 days written notice to the Time Share Lessee or Lessees in question, without need in either case to notify any Time Share Lessee as to whom the Agreement is not being terminated.

C) The term of this Agreement has terminated as to all prior Time Share Lessees, other than the persons listed as Time Share Lessees in Schedule 1.

D) The Lease is terminated as to the Aircraft described in Schedule 3 attached hereto and made a part hereof.

Section 4. Payments.

4.1. Flight Charges. Each Time Share Lessee shall pay the Company for each flight conducted for that Time Share Lessee under this Agreement an amount equal to that Time Share Lessee's pro rata share of the *lesser* of the amount calculated under Section 4.1.1 and the amount calculated under Section 4.1.2.

4.1.1. An amount equal to the *greater* of ***(a)*** the SIFL Rate then in effect, or ***(b)*** the product of the number of Flight Hours of the duration of the flight, rounded to the nearest 1/10th of a Flight Hour, multiplied by the *Total Direct Costs Per Flight Hour* for the make and model of Aircraft as published by *Conklin & de Decker Aviation Information ,* as updated from time to time; and

4.1.2. An amount equal to the maximum amount of expense reimbursement permitted in accordance with Section 91.501(d) of the FAR, which expenses include and are limited to:

a) fuel, oil, lubricants, and other additives;

b) travel expenses of the crew, including food, lodging and ground transportation;

c) hangar and tie down costs away from the Aircraft's base of operation;

d) insurance obtained for the specific flight;

e) landing fees, airport taxes and similar assessments;

f) customs, foreign permit, and similar fees directly related to the flight;

g) in-flight food and beverages;

h) passenger ground transportation;

i) flight planning and weather contract services; and

j) an additional charge equal to 100% of the expenses listed in Section 4.1.2(a).

4.2. Pro Rata Share. If two or more Time Share Lessees (which may include persons who are lessees under other time sharing agreements with the Company) lease the Aircraft for the same flight segment, each of them shall pay (a) all Flight Charges attributed to him or her for that Flight Segment to the extent calculated by the SIFL Rate, and (b) his or her pro rata share of the Flight Charges for that Flight Segment that are not calculated by the SIFL Rate.

Section 5. Invoices and Payment. The Company shall initially pay all expenses related to the operation of the Aircraft when and as such expenses are incurred. Within 30 days after the last day of any calendar quarter during which any flight for the account of a Time Share Lessee has been conducted, the Company shall provide an invoice to that Time Share Lessee for an amount determined in accordance with Section 4 above. If the rates in effect have not yet been made available to the Company as of the last day of the calendar quarter, the Company at its option may instead apply the latest rates then available, and the rate so applied shall be final, or may instead defer the invoice until not later than 30 days after the rates become available to the Company. In either case, Time Share Lessee shall remit the full amount of any such invoice, together with any applicable Taxes under Section 6, to the Company within 30 days of the invoice date.

Section 6. Taxes. None of the payments to be made by any Time Share Lessee under Sections 4 and 5 of this Agreement includes, and each Time Share Lessee shall be responsible for, and shall indemnify the Company and Owner against, any Taxes that may be assessed or levied by any Taxing Jurisdiction as a result of the sublease of the Aircraft to that Time Share Lessee, or the use of the Aircraft by that Time Share Lessee, or the provision of a taxable transportation service to that Time Share Lessee using the Aircraft. Without limiting the generality of the foregoing, Time Share Lessees and the Company specifically acknowledge that all Time Share Lessees' flights will be subject to commercial air transportation excise taxes pursuant to Section 4261 of the Internal Revenue Code, regardless of whether any such flight is considered "noncommercial" under the FAR. Time Share Lessee shall remit to the Company all such Taxes together with each payment made pursuant to Section 5.

Section 7. Scheduling Flights.

7.1. Submitting Flight Requests. Each Time Share Lessee shall submit requests for flights and proposed flight schedules to the Company as far in advance of any given flight as possible, and in any case, at least 24 hours in advance of Time Share Lessee's planned departure. Time Share Lessee shall provide the Company at least the following information for each proposed flight at least 24 hours prior to scheduled departure: departure airport; destination airport; date and time of departure; the number of anticipated passengers; the nature and extent of luggage and/or cargo to be carried; the date and time of return flight, if any; and any other information concerning the proposed flight that may be pertinent or required by the Company or the Company's flight crew or that may be required by the FAR or other Applicable Law.

7.2. Approval of Flight Requests. Each use of an Aircraft by a Time Share Lessee will be subject to the Company's prior approval. The Company may approve or deny any flight scheduling request in the Company's sole discretion. Scheduling requests not approved in writing by 5:00 p.m. Columbus local time on the 2nd Business Day after the request is received by the Company are deemed denied. The Company in its sole discretion may disapprove any flight request submitted by a Time Share Lessee and may determine which of the Aircraft, if any, to make available in response to the Time Share Lessee's request. The Company has final authority over the scheduling of the Aircraft, but shall use reasonable efforts to accommodate Time Share Lessee's needs for approved flight requests and to avoid conflicts in scheduling. If two or more Time Share Lessees make conflicting requests to use the Aircraft, the Company in its sole discretion may determine which, if any, of such requests to accommodate.

7.3. Subordinated Use of Aircraft. Each Time Share Lessee's rights to schedule use of the Aircraft during the Term of this Agreement are at all times be subordinate to the Aircraft use requirements of the Company, and any parent corporation, subsidiary or affiliate of the Company (each a **"Company Related Entity").** The Company and each Company Related Entity may at all times preempt any scheduled, unscheduled, and anticipated use of the Aircraft by a Time Share Lessee, notwithstanding any prior approval by the Company of the Time Share Lessee's request to schedule a flight.

7.4. Priority Use of Aircraft. Subject to Section 7.2, Time Share Lessees' rights to schedule use of the Aircraft during the Term are at all times superior to the Aircraft use requirements of any person to whom the Company has subleased or hereafter subleases the Aircraft other than another Time Share Lessee or a Company Related Entity (any such person an **"Unrelated Sublessee"),** and a Time Share Lessee at all times may preempt any scheduled, unscheduled, **and** anticipated use of the Aircraft by any Unrelated Sublessee.

Section 8. Title and Operation.

8.1. Title and Registration; Subordination. Owners have exclusive legal and equitable title to the Aircraft. **The** Company has priority leasehold possessory rights to the Aircraft pursuant to the Headlease. Each Time Share Lessee acknowledges that title to the Aircraft will remain vested in Owner. Each Time Share Lessee shall, to the extent permitted by Applicable Law, do all such further acts, deeds, assurances or things as may, (i) in the reasonable opinion of the Owner, be necessary or desirable in order to protect or preserve the Company's title to the Aircraft, and (ii) in the reasonable opinion of the Company, be necessary or desirable in order to protect or preserve the Company's rights under the Headlease. Any rights Time Share Lessee may have in or to the Aircraft by virtue of this Agreement, including Time Share Lessee's rights to use of the Aircraft, are in all respects subject and subordinate to Owner's rights and interests under the Headlease, including, without limitation, the right of Owner to take possession of the Aircraft and Engines upon the Company's default under the Headlease. To the extent requested by Owner, its successors or assigns, each Time Share Lessee shall take all action necessary to continue all right, title and interest of Owner, its successors or assigns in the Aircraft under Applicable Law against any claims of any Time Share Lessee and any persons claiming by, through or under such Time Share Lessee.

8.2. Aircraft Maintenance and Flight Crew. The Company shall *be* solely responsible for maintenance, preventive maintenance and required or otherwise necessary inspections of the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all Applicable Law, and within the sound discretion of the pilot in command.

8.3. Flight Crews. The Company shall provide to Time Share Lessee a qualified flight crew for each flight conducted in accordance with this Agreement. The Company may, if it so chooses, elect not to hire its own pilots for any given flight hereunder, but to contract instead for pilot services from a third party vendor. Whether or not the flight crew is supplied by a third party vendor, the flight crew **is** under the exclusive command and control of the Company in all phases of all flights conducted hereunder.

8.4. OPERATIONAL CONTROL. THE COMPANY SHALL HAVE AND MAINTAIN OPERATIONAL CONTROLOF THE AIRCRAFT FOR ALL FLIGHTS OPERATED UNDER THIS AGREEMENT. THE PARTIES INTEND THAT THIS AGREEMENT CONSTITUTE A "TIME SHARING AGREEMENT" AS DEFINED IN SECTION 91.501(C)(1) OF THE FAR. THE COMPANY SHALL EXERCISE EXCLUSIVE AUTHORITY OVER INITIATING, CONDUCTING, OR TERMINATING ANY FLIGHT CONDUCTED ON BEHALF OF A TIME SHARE LESSEE PURSUANT TO THIS AGREEMENT.

8.5 . Authority of Pilot In Command. Notwithstanding that the Company shall have Operational Control of the Aircraft during any flight conducted pursuant to this Agreement, the Pilot in Command, in his or her sole discretion, may terminate any flight, refuse to commence any flight, or take any other flight-related action which in the judgment of the Pilot in Command is necessitated by considerations of safety. The Pilot in Command shall have final and complete authority to postpone or cancel any flight for any reason or condition which in his or her judgment would compromise the safety of the flight. No such action of the Pilot in Command shall create or support any liability of the Company to a Time Share Lessee for loss, injury, damage or delay.

8.6. Force Majeure. The Company shall not be liable for delay or failure to furnish the Aircraft and flight crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, acts of God or other unforeseen or unanticipated circumstances.

Section 9. Headleases; Addition or Deletion of Aircraft. The Company shall furnish a copy of any Headlease to any Time Share Lessee upon written request. Any such copy shall be deemed proprietary information belonging solely to the Company, and shall be treated as confidential by the Time Share Lessee. The Company and the Owner from time to time, in their sole discretion, may amend, modify or terminate any Headlease, or enter into one more new Headleases. Upon notice to the Time Share Lessees, the Company may in its sole discretion modify this Agreement by adding Aircraft to or deleting Aircraft from Schedule 2. The notice shall be accompanied by a copy of the revised Schedule 2, showing the effective date of the revised Schedule 2. Upon the sending of such notice, the revised Schedule 2 shall for all purposes supersede all previous editions of Schedule 2, the Term shall end as to any Aircraft that have been deleted from Schedule 2, and shall begin as to any Aircraft that have been added to Schedule 2.

Section 10. Insurance. The Company shall maintain, or cause to be maintained insurance in such amounts and against such perils and liability as is required by time to time by the Headleases, including bodily injury and property damage, liability insurance and all risks aircraft hull insurance, naming such loss payees as the Headleases may require. Further, the Company will cause each Time Share Lessee to be named as an Additional Insured on all such policies of insurance, and the Company will provide any Time Share Lessee with a Certificate of Insurance upon request.

Section 11. Use by Time Share Lessee. Each Time Share Lessee shall:

A) Use the Aircraft solely for and on account of his or her own personal or business use, and shall not use the Aircraft for the purpose of providing transportation of passengers or cargo for compensation or hire;

B) Refrain from incurring any mechanic's or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement;

C) Not attempt to convey, mortgage, assign, lease, sublease, or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

D) Abide by and conform, during the Term, to all Applicable Laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time sharing Time Share Lessee.

Section 12. Miscellaneous.

12.1. Notices. All notices hereunder shall be delivered by hand, sent by reputable guaranteed overnight delivery service, or sent by first-class United States mail, certified, postage prepaid, return receipt requested. Notice shall be deemed given when delivered or sent in the manner provided herein.

If to the Company:	If to Time Share Lessee:
Limited Brands Flight Department	Limited Brands Flight Department
4387 International Gateway	4387 International Gateway
Columbus, OH 43219	Columbus, OH 43219
Attention: Mr. Timothy P. Stehle	

At any time, the Company may change its address for purposes of notices under this Agreement by giving notice to the Time Share Lessees as set forth in this Section 12.1, and any Time Share Lessee may change its address for purposes of notices under this Agreement by giving notice to the Company as set forth in this Section 12.1.

12.2. No Waiver. No purported waiver by either party of any default by the other party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiting party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein.

12.3. Entire Agreement. This Agreement sets forth the entire understanding between the parties concerning the subject matter of this Agreement and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions or understandings, either oral or written, between them relating to the subject matter of this Agreement other than those set forth herein. No representation or warranty has been made by or on behalf of any party (or any officer, director, employee or agent thereof) to induce any other party to enter into this Agreement or to abide by or consummate any transaction contemplated by any terms of this Agreement, except representations and warranties, if any, expressly set forth herein. No alteration, amendment, change or addition to this Agreement shall be binding upon either party unless in writing and signed by the party to be charged. Whenever in this Agreement any printed portion has been stricken out, whether or not any relative provision has been added, this Agreement shall be construed as if the material so stricken was never included herein and no inference shall be drawn from the material so stricken out which would be inconsistent in any way with the construction or interpretation which would be appropriate if such material were never contained herein.

12.4. No Agency or Partnership. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture.

12.5. Successors and Assigns. Each and all of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided in this Agreement, their respective successors and assigns, provided, however, that neither this Agreement, nor any rights herein granted may be assigned, transferred or encumbered by any party. Any purported or attempted transfer or assignment by either party without the written consent of the other shall be void and of no effect; provided, however, that the rights and obligations of the Company may be assigned without the consent of the Time Share Lessees to any assignee of the Company's rights and obligations under the Headlease.

12.6. Third Parties. Nothing herein expressed or implied is intended or shall be construed to confer upon or give any person other than the parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

12.7. Joint Preparation. This Agreement is to be deemed to have been prepared jointly by the parties hereto, and any uncertainty or ambiguity existing herein, if any, shall not be interpreted against any party, but shall be interpreted according to the application of rules of interpretation for arm's-length agreements.

12.8. Captions; Recitals. The captions and section numbers appearing this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement. The Recitals at the beginning of this Agreement are intended to give an understanding of the factual background that led the parties to enter into this Agreement. The Recitals are not intended to be warranties, representations, covenants, or otherwise contractually binding.

12.9. Prohibited or Unenforceable Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibitions or unenforceability in any jurisdiction. To the extent permitted by applicable law, each of the Company and Time Share Lessee hereby waives any provision of applicable law which renders any provision hereof prohibited or unenforceable in any respect.

12.10. Governing Law. The laws of the State of Ohio, without giving effect to principles of conflicts of law, govern all matters arising under this Agreement, including all tort claims.

12.11. Counterparts. This Agreement may be executed in several counterparts, and/or by execution of counterpart signature pages which may be attached to one or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all the parties are not signatory to the original or to the same counterpart. In addition, any counterpart signature page may be executed by any party wherever that party is located, and may be delivered by telephone facsimile transmission, and any such facsimile transmitted signature page may be attached to one or more counterparts of this Agreement, and such faxed signature(s) shall have the same force and effect, and be as binding, as original signatures executed and delivered in person.

12.12. Manual Signatures Required. Any acceptance, signature, execution or validation of this Agreement or any written communication or written notice required hereunder, shall be manually signed and delivered by hard copy or by facsimile (whether telephonic or computer generated facsimiles such as, but not limited to, jpg, PDF or tagged image files). No purported offer, acceptance, or contract, amendment, or binding agreement in connection with this transaction shall be made by automated agent, electronic agent, electronic mail, electronic signature, telephonic voice mail, sound recording, or other electronic means of any kind, all as such terms are defined in the Uniform Electronic Transactions Act ("UETA", Ohio Revised Code Chapter 1306), the Electronic Signatures in Global and National Commerce Act ("ESIGN", 15 U.S. Code Sections 7001 et seq.), or any similar state or federal legislation. This Section is intended as an express disclaimer of intent, and an express refusal, under UETA and ESIGN to conduct this transaction by electronic means. This Section cannot be waived except by manually signed, written consent of both parties.

Section 13. Amendments, Addenda, Supplements, Schedules and Exhibits.

13.1 Amendments, Addenda, and Supplements. Each Time Share Lessee (including every person who later becomes a Time Share Lessee) authorizes the Company at any time, and from time to time, to do any or all of the following in the name of, and on behalf of, the Time Share Lessee, which authorization and power is coupled with an interest and shall be irrevocable:

13.1.1. Execute and deliver any document (including amendments, addenda or supplements to this Agreement) evidencing:

(i) The addition of any person or persons as Time Share Lessee;

(ii) The cessation of the term of this Agreement as to any person or persons as Time Share Lessee; or

(iii) The addition, withdrawal or substitution of any of the Aircraft.

13.1.2. File any such document with the FAA and/or such other governmental agencies or offices as the Company shall judge to be necessary or desirable.

13.2 Schedules and Exhibits. Each schedule or exhibit that is referred to in and attached to this Agreement is incorporated in this Agreement by reference.

Section 14. DISCLAIMER. THE AIRCRAFT IS BEING SUBLEASED BY THE OPERATOR TO THE TIME SHARE LESSEES HEREUNDER ON A COMPLETELY "AS IS, WHERE IS," BASIS, WHICH IS ACKNOWLEDGED AND AGREED TO BY THE TIME SHARE LESSEES. THE WARRANTIES AND REPRESENTATIONS SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, AND THE COMPANY HAS NOT MADE AND SHALL NOT BE CONSIDERED OR DEEMED TO HAVE MADE (WHETHER BY VIRTUE OF HAVING SUBLEASED THE AIRCRAFT UNDER THIS AGREEMENT, OR HAVING ACQUIRED THE AIRCRAFT, OR HAVING DONE OR FAILED TO DO ANY ACT, OR HAVING ACQUIRED OR FAILED TO ACQUIRE ANY STATUS UNDER OR IN RELATION TO THIS AGREEMENT OR OTHERWISE) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR TO ANY PART THEREOF, AND SPECIFICALLY, WITHOUT LIMITATION, IN THIS RESPECT DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES CONCERNING THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, MERCHANTABILITY, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION AND CONDITION OF THE AIRCRAFT, OR FITNESS FOR A PARTICULAR USE OF THE AIRCRAFT AND AS TO THE ABSENCE OF LATENT AND OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AND AS TO THE ABSENCE OF ANY INFRINGEMENT OR THE LIKE, HEREUNDER OF ANY PATENT, TRADEMARK OR COPYRIGHT, AND AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE AIRCRAFT OR ANY PART THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED (INCLUDING ANY IMPLIED WARRANTY ARISING FROM A COURSE OF PERFORMANCE OR DEALING OR USAGE OF TRADE), WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF. EACH TIME SHARE LESSEE HEREBY WAIVES, RELEASES, DISCLAIMS AND RENOUNCES ALL EXPECTATION OF OR RELIANCE UPON ANY SUCH AND OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE COMPANY AND RIGHTS, CLAIMS AND REMEDIES OF TIME SHARE LESSEE AGAINST THE COMPANY, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, INCLUDING BUT NOT LIMITED TO (I) ANY IMPLIED WARRANTY OF MERCHANTABILITY OF FITNESS FOR ANY PARTICULAR USE, (II) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, (III) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF THE COMPANY, ACTUAL OR IMPUTED, AND (IV) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF OR DAMAGE TO THE AIRCRAFT, FOR LOSS OF USE, REVENUE OR PROFIT WITH RESPECT TO THE AIRCRAFT, OR FOR ANY OTHER DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

Section 15. Truth In Leasing Disclosures. WITHIN THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT, EXCEPT TO THE EXTENT AN AIRCRAFT IS LESS THAN TWELVE (12) MONTHS OLD, THE AIRCRAFT HAVE BEEN INSPECTED AND MAINTAINED IN ACCORDANCE WITH THE FOLLOWING PROVISIONS OF TITLE 14 OF THE CODE OF FEDERAL REGULATIONS (SAID TITLE 14 HEREINAFTER REFERRED TO AS THE "FEDERAL AVIATION REGULATIONS" OR THE "FAR"): **91.409 (f) (3): A current inspection program recommended by the manufacturer.**

THE PARTIES HERETO CERTIFY THAT DURING THE TERM OF THIS AGREEMENT AND FOR ALL OPERATIONS CONDUCTED HEREUNDER, THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN ACCORDANCE WITH THE PROVISIONS OF FAR 91.409 (f) (3).

THE COMPANY SHALL HAVE AND RETAIN OPERATIONAL CONTROL OF THE AIRCRAFT DURING ALL OPERATIONS CONDUCTED PURSUANT TO THIS LEASE. EACH PARTY HERETO CERTIFIES THAT IT UNDERSTANDS THE EXTENT OF ITS RESPONSIBILITIES, SET FORTH HEREIN, FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS **CAN BE** OBTAINED FROM THE NEAREST FEDERAL AVIATION ADMINISTRATION FLIGHT STANDARDS DISTRICT OFFICE.

THE PARTIES HERETO CERTIFY THAT A TRUE COPY OF THIS AGREEMENT SHALL BE CARRIED ON THE AIRCRAFT AT ALL TIMES, AND SHALL BE MADE AVAILABLE FOR INSPECTION UPON REQUEST BY AN APPROPRIATELY CONSTITUTED AND IDENTIFIED REPRESENTATIVE OF THE ADMINISTRATOR OF THE FAA.

Exhibit 12

Limited Brands, Inc.
Computation of Ratio of Earnings to Fixed Charges

	Fiscal Year Ended				
	February 2, 2013	**January 28, 2012**	**January 29, 2011**	**January 30, 2010**	**January 31, 2009**
Earnings:			(in millions)		
Income before income taxes, noncontrolling interest and cumulative effect of change in accounting principle	$ 1,280	$ 1,226	$ 1,251	$ 650	$ 449
Fixed charges (excluding capitalized interest)	426	354	329	357	297
Distributions from equity method investments, net of income or loss from equity investees	11	—	(3)	(5)	102
Total earnings	$ 1,717	$ 1,580	$ 1,577	$ 1,002	$ 848
Fixed charges:					
Portion of minimum rent representative of interest	$ 107	$ 105	$ 118	$ 118	$ 115
Interest on indebtedness (including capitalized interest)	317	246	208	238	184
Total fixed charges	$ 424	$ 351	$ 326	$ 356	$ 299
Ratio of earnings to fixed charges	4.1	4.5	4.8	2.8	2.8

For the purpose of calculating the ratios of earnings to fixed charges, we calculate earnings by adding fixed charges and distributions from equity method investees, net of income or losses from equity method investees, to pre-tax income from continuing operations before noncontrolling interests in consolidated subsidiaries and cumulative effect of changes in accounting principle. Fixed charges include total interest and a portion of rent expense, which we believe is representative of the interest factor of our rent expense. Interest associated with income tax liabilities is excluded from our calculation.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Subsidiaries (a)	**Jurisdiction of Incorporation**
Bath & Body Works Direct, Inc (b)	Delaware
Limited Store Planning, Inc. (c)	Delaware
Henri Bendel, Inc. (d)	Delaware
Mast Industries, Inc. (e)	Delaware
Mast Industries (Far East) Limited (f)	Hong Kong
Limited Logistics Services, Inc. (g)	Delaware
Limited Brands Service Company, LLC (h)	Delaware
Limited Technology Services, Inc. (i)	Delaware
Limited Brands Store Operations, Inc. (j)	Delaware
Limited Brands Direct Fulfillment, Inc. (k)	Delaware
Victoria's Secret Direct Brand Management, LLC (l)	Delaware
Victoria's Secret Stores, LLC (m)	Delaware
Victoria's Secret Stores Brand Management, Inc. (n)	Delaware
Bath & Body Works, LLC (o)	Delaware
Bath & Body Works Brand Management, Inc. (p)	Delaware
beautyAvenues, LLC (q)	Delaware
Intimate Brands, Inc. (r)	Delaware
Intimate Brands Holding, LLC (s)	Delaware
La Senza Corporation (t)	Canada
Bath & Body Works (Canada) Corporation (u)	Canada
Victoria's Secret (Canada) Corporation (v)	Canada
Victoria's Secret UK Limited (w)	United Kingdom
Victoria's Secret Stores Puerto Rico, LLC (x)	Puerto Rico

(a) The names of certain subsidiaries are omitted since such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of February 2, 2013.

(b) Bath & Body Works Direct, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.

(c) Limited Store Planning, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.

(d) Henri Bendel, Inc., a Delaware corporation, is a wholly owned subsidiary of Limited Brands Store Operations, Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.

(e) Mast Industries, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.

(f) Mast Industries (Far East) Limited, a Hong Kong corporation, is a wholly owned subsidiary of Limited (Overseas) Holdings LP, an Alberta limited partnership and majority owned by Limited (Overseas) Inc., a Delaware corporation and wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.

(g) Limited Logistics Services, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(h) Limited Brands Service Company, LLC, a Delaware limited liability company, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(i) Limited Technology Services, Inc., a Delaware corporation, is a wholly owned subsidiary of Limited Brands Service Company, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(j) Limited Brands Store Operations, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(k) Limited Brands Direct Fulfillment, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(l) Victoria's Secret Direct Brand Management, LLC, a Delaware limited liability company, is a wholly owned subsidiary of Victoria's Secret Stores Brand Management, Inc., a Delaware Corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(m) Victoria's Secret Stores, LLC, a Delaware limited liability company, is a wholly owned subsidiary of Limited Brands Store Operations, Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(n) Victoria's Secret Stores Brand Management, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(o) Bath & Body Works, LLC, a Delaware limited liability company, is a wholly owned subsidiary of Limited Brands Store Operations, Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(p) Bath & Body Works Brand Management, Inc., a Delaware corporation, is a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(q) beautyAvenues, LLC, a Delaware limited liability company, is a wholly owned subsidiary of Mast Industries, Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(r) Intimate Brands, Inc., a Delaware corporation, is a wholly owned subsidiary of the registrant.
(s) Intimate Brands Holding, LLC, a Delaware limited liability company, is a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(t) La Senza Corporation, a Canadian corporation, is a wholly owned subsidiary of Limited Brands Canada, a Nova Scotia corporation and a wholly owned subsidiary of Canadian Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Canada Brands Finance LP, an Alberta limited partnership and a majority owned subsidiary of Luxembourg (Overseas) Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Limited (Overseas) Holdings LP, an Alberta limited partnership and majority owned by Limited (Overseas) Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(u) Bath & Body Works (Canada) Corporation, a Nova Scotia corporation, is a wholly owned subsidiary of Limited Brands Canada, a Nova Scotia corporation and a wholly owned subsidiary of Canadian Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Canada Brands Finance LP, an Alberta limited partnership and a majority owned subsidiary of Luxembourg (Overseas) Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Limited (Overseas) Holdings LP, an Alberta limited partnership and majority owned by Limited (Overseas) Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.
(v) Victoria's Secret (Canada) Corporation, a Nova Scotia corporation, is a wholly owned subsidiary of Limited Brands Canada, a Nova Scotia corporation and a wholly owned subsidiary of Canadian Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Canada Brands Finance LP, an Alberta limited partnership and a majority

owned subsidiary of Luxembourg (Overseas) Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Limited (Overseas) Holdings LP, an Alberta limited partnership and majority owned by Limited (Overseas) Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a wholly owned subsidiary of the registrant.

(w) Victoria's Secret UK Limited, a United Kingdom limited company, is a wholly owned subsidiary of Luxembourg (Overseas) Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Limited (Overseas) Holdings LP, an Alberta limited partnership and majority owned by Limited (Overseas) Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc, a Delaware corporation and a wholly owned subsidiary of the registrant.

(x) Victoria's Secret Stores Puerto Rico, LLC, a Puerto Rico limited liability company, is a wholly owned subsidiary of Luxembourg (Overseas) Holdings S.a.r.l, a Luxembourg corporation and a wholly owned subsidiary of Limited (Overseas) Holdings LP, an Alberta limited partnership and majority owned by Limited (Overseas) Inc., a Delaware corporation and a wholly owned subsidiary of Intimate Brands Holding, LLC, a Delaware limited liability company and a wholly owned subsidiary of Intimate Brands, Inc, a Delaware corporation and a wholly owned subsidiary of the registrant.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of Limited Brands, Inc. and, with respect to the Registration Statements on Forms S-3 and S-4, 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 reports dated March 22, 2013, with respect to the consolidated financial statements of Limited Brands, Inc. and subsidiaries, and the effectiveness of internal control over financial reporting of Limited Brands, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended February 2, 2013.

/s/ Ernst & Young LLP

Columbus, Ohio
March 22, 2013

Exhibit 24

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ LESLIE H. WEXNER

Leslie H. Wexner

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ E. GORDON GEE

E. Gordon Gee

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ DENNIS S. HERSCH

Dennis S. Hersch

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ JAMES L. HESKETT

James L. Heskett

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ DONNA A. JAMES

Donna A. James

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ DAVID T. KOLLAT

David T. Kollat

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ WILLIAM R. LOOMIS, JR.
William R. Loomis, Jr.

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ JEFFREY H. MIRO

Jeffrey H. Miro

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ MICHAEL MORRIS
Michael Morris

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ ALLAN R. TESSLER

Allan R. Tessler

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ ABIGAIL S. WEXNER

Abigail S. Wexner

POWER OF ATTORNEY
OFFICERS AND
DIRECTORS OF
LIMITED BRANDS, INC.

The undersigned officer and/or director of Limited Brands, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 2, 2013 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Leslie H. Wexner and Stuart B. Burgdoerfer, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 31st day of January, 2013.

/s/ RAYMOND ZIMMERMAN

Raymond Zimmerman

Exhibit 31.1

Section 302 Certification

I, Leslie H. Wexner, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 22, 2013

Exhibit 31.2

Section 302 Certification

I, Stuart B. Burgdoerfer, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 22, 2013

Exhibit 32

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 Annual Report of the Company on Form 10-K dated March 22, 2013 for the fiscal year ended February 2, 2013 (the “Form 10-K”), 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-K 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: March 22, 2013