Limitedbrands

Proxy Statement for the
2011 Annual Meeting of Stockholders
and 2010 Annual Report

Limitedbrands

Dear Partner,

I'm very proud of all we accomplished last year. Simply put, 2010 was the best year Limited Brands has ever had. We experienced unprecedented growth and improved our operating results by every important measure. While the rest of the world "receded" – we forged ahead.

- Comparable store sales increased 9%.
- Inventories per square foot at cost ended the year down 2% (down 11% on a two-year basis).
- Operating income increased 50% to a record $1.28 billion.
- We distributed more than $1.5 billion to shareholders through dividends and share repurchases.

These results were achieved not only by hard work, but even more importantly, by unrelenting discipline and focus. If the economic downturn of the past few years has a silver lining, it is that it has forced us to focus on our absolute priorities – our customers and our brands. We have learned to shut out the things that are not in our control and focus on those that we can influence. Clearly, we see evidence of this focus through the progress of our brands:

- Victoria's Secret focused on the customer, brand and execution in their priority categories – bras and panties – and grew significantly.
- Pink also narrowed its focus and accelerated past $1 billion in annual sales. They've already set their sights on $2 billion … and I know they'll get there.
- Bath and Body Works delivered its highest operating income ever, with all three of its priority categories delivering record sales and margins. Smart and hard work.
- We are working hard to improve performance at La Senza, and we made significant changes this past year, from refocusing the business on bras and panties to moving the creative functions to Columbus from Montreal.

Today

We are committed to maintaining our focus. Our core markets are the United States and Canada. These markets are the backbone of our growth strategy. We must also continue to stay close to our customer. We need to offer her exciting merchandise in the most engaging shopping environments anywhere.

And we must stay disciplined. Our discipline must reverberate through every aspect of the business – from lean inventories to focused agendas and resource restraint. Sustained growth requires careful management of both our time and money – discipline with our resources, our thoughts and our energies.

And our discipline must also force us to pursue speed. We must be faster at everything in a world that is accelerating – no one is winning by getting slower. We need to deliver merchandise to our customers faster, think faster, learn faster, decide faster and innovate faster. Our goal is simply to be the fastest brand in the world.

To summarize our priorities:

- We must focus on the customer and the shopping experience.
- We must get measurably faster.
- We must be smart about the frugal and efficient use of our resources.
- We must further improve operating margins to 15% and beyond.
- And, finally, we must continue to robustly develop leadership and talent at all levels.

We can, and we must, do all of this. Because, simply put, you can't get better unless you actually are getting better – measurably better.

International Expansion

By the end of 2011, we will have close to 1,000 international stores. There is no question we have grown globally in the last few years, and our brands clearly have greater international potential. We know it, and we respect it.

However, we've been cautious. We have moved carefully, and I believe wisely, as we begin substantial international expansion. I've deliberately set a firewall between our very large, complex, successful and critically important U.S. businesses and our international growth.

All our leadership agree and are aligned with this principle: we must continue to focus on growing our U.S. business – period – no distractions. Why? Because without a strong, vibrant and healthy domestic business, we have no business to export. In the business, we have a saying: "The main thing is that the main thing is the main thing." The main thing is our domestic business. The more valuable and vibrant our brands are in North America, the more valuable they will be globally.

Our expansion to date has proven our principles to be sound and smart. The launch of our U.S. brands in the Canadian market, expansion of our Victoria's Secret airport and travel destination locations and the opening of our first Bath and Body Works franchise stores in the Middle East have greatly exceeded our expectations. We are growing profitably and learning on a global scale – it's working.

As we continue to learn and develop the people, processes and experiences to expand globally, we will get better and grow as fast as is practical and profitable.

Doing Good

While doing very well this past year, we also did a great deal of good. Contributing to the greater good is an important part of our culture, and I am very proud of how our associates express our values around the globe. We know that it matters how we play the game, individually and collectively, and we're committed to improving the lives of our customers, associates, partners, shareholders and communities in which we live and work.

In 2010, we made some significant contributions to the greater good:

- We invested more than $9 million in non-profit organizations in our local communities through our Limited Brands Foundation.
- We raised an additional $9 million for United Way.
- We gave more than $3 million worth of product donations.
- We raised $750,000 to support The Ohio State University's comprehensive cancer center through Pelotonia, a bike tour that included nearly 500 of our associates.
- We continued our ongoing support of eight international agencies and orphanages that help underprivileged women and children through Limited Brands/Mast Cares.
- We supported more than 100 business leaders who serve on non-profit boards, while providing tens of thousands of volunteer hours to the community.
- We sponsored more than 7,000 race participants to support the fight against breast cancer through Komen Race for the Cure and the American Cancer Society's Making Strides event.
- And so much more …

I am so proud and personally gratified to know how much good our financial success and our individual commitment allow us to do.

My outlook for the future is very optimistic. As I tell my kids, "All you can ask for is an opportunity. Despite the uncertainty, you must do everything in your power to prepare to win." We have that opportunity now. I assure you we have done and are doing everything we need to do to win. We are working hard, fast, smart and focused. The opportunity to get better and better is the gift of a lifetime. It is a gift that we will not neglect, but rather seize and nurture.

Sincerely,

Leslie H. Wexner
Chairman and CEO

Notice of
Annual Meeting of Stockholders
and Proxy Statement

May 26, 2011

Limitedbrands

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 26, 2011: The proxy statement and annual report to stockholders are available at *http://www.proxyvote.com*.

Limited brands

April 11, 2011

DEAR STOCKHOLDER:

You are cordially invited to attend our 2011 annual meeting of stockholders to be held at 9:00 a.m., Eastern Time, on May 26, 2011, at our offices located at Three Limited Parkway, Columbus, Ohio 43230. Our Investor Relations telephone number is 614-415-6400 should you require assistance in finding the location of the meeting. The formal Notice of Annual Meeting of Stockholders and proxy statement are attached. If you plan to attend, please bring the Admittance Slip located at the back of this booklet and a picture I.D., and review the attendance information provided. I hope that you will be able to attend and participate in the meeting, at which time I will have the opportunity to review the business and operations of Limited Brands.

The matters to be acted upon by our stockholders are discussed in the Notice of Annual Meeting of Stockholders. It is important that your shares be represented and voted at the meeting. Accordingly, after reading the attached proxy statement, would you kindly sign, date and return the enclosed proxy card or vote by telephone or via the Internet as described on the enclosed proxy card. Your vote is important regardless of the number of shares you own.

Sincerely yours,

Leslie H. Wexner
Chairman of the Board

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Limitedbrands

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 26, 2011

April 11, 2011

TO OUR STOCKHOLDERS:

We are pleased to invite you to attend our 2011 annual meeting of stockholders to:

- Elect the three nominees proposed by the Board of Directors as directors to serve for a three-year term.
- Ratify the appointment of our independent registered public accountants.
- Vote on the proposal to approve the 2011 Stock Option and Performance Incentive Plan.
- Vote on the proposal to approve the 2011 Cash Incentive Compensation Performance Plan.
- Hold an advisory vote on executive compensation.
- Hold an advisory vote to determine the frequency of future advisory votes on executive compensation.
- Vote on the stockholder proposal described in the accompanying proxy statement, if properly presented at the meeting.
- Transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 28, 2011 may vote at the meeting. **If you plan to attend, please bring the Admittance Slip located at the back of this booklet and a picture I.D., and review the attendance information provided.**

Your vote is important. Stockholders of record can give proxies by calling a toll-free telephone number, by using the Internet or by mailing their signed proxy cards. Whether or not you plan to attend the meeting, please vote by telephone or via the Internet or sign, date and return the enclosed proxy card in the envelope provided. Instructions are included on your proxy card. You may change your vote by submitting a later dated proxy (including a proxy via telephone or the Internet) or by attending the meeting and voting in person.

By Order of the Board of Directors

Leslie H. Wexner
Chairman of the Board

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INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

The Board of Directors of Limited Brands, Inc. is soliciting your proxy to vote at our 2011 annual meeting of stockholders (or at any adjournment of the meeting). This proxy statement summarizes the information you need to know to vote at the meeting. In this proxy statement, "we," "our," "Limited Brands" and the "Company" refer to Limited Brands, Inc.

We began mailing this proxy statement and the enclosed proxy card, or the Notice of Internet Availability of Proxy Materials (the "Notice"), on or about April 11, 2011 to all stockholders entitled to vote. Limited Brands' 2010 Annual Report on Form 10-K, which includes our financial statements, is being sent with this proxy statement and is available in paper copy by request or in electronic form.

Date, Time and Place of Meeting

Date: May 26, 2011

Time: 9:00 a.m., Eastern Time

Place: Three Limited Parkway, Columbus, Ohio 43230

Attending the Meeting

Stockholders who plan to attend the meeting in person must bring photo identification and the Admittance Slip located at the back of this booklet. Because of necessary security precautions, bags, purses and briefcases may be subject to inspection. To speed the admissions process, stockholders are encouraged to bring only essential items. Cameras, camcorders or video taping equipment are not allowed.

Shares Entitled to Vote

Stockholders entitled to vote are those who owned Limited Brands common stock (which we refer to throughout this proxy statement as "Common Stock") at the close of business on the record date, March 28, 2011. As of the record date, there were 318,415,578 shares of Common Stock outstanding. Each share of Common Stock that you own entitles you to one vote.

Voting Your Shares

Whether or not you plan to attend the annual meeting, we urge you to vote. Stockholders of record can give proxies by calling a toll-free telephone number, by using the Internet or by mailing their signed proxy cards. The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly. If you are voting by mail, please complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you are voting by telephone or via the Internet, please use the telephone or Internet voting procedures set forth on the enclosed proxy card. Returning the proxy card or voting via telephone or the Internet will not affect your right to attend the meeting and vote.

The enclosed proxy card indicates the number of shares that you own.

Voting instructions are included on your proxy card. If you properly fill in your proxy card and send it to us or vote via telephone or the Internet in time to vote, one of the individuals named on your proxy card (your "proxy") will vote your shares as you have directed. If you sign the proxy card or vote via telephone or the Internet but do not make specific choices, your proxy will follow the Board's recommendations and vote your shares in the following manner:

- "FOR" the election of the Board's three nominees for director (as described on pages 5 through 11);

- "FOR" the ratification of the appointment of our independent registered public accountants (as described on page 12);
- "FOR" the proposal to approve the 2011 Stock Option Performance and Incentive Plan (as described on pages 13 through 21);
- "FOR" the proposal to approve the 2011 Cash Incentive Compensation Performance Plan (as described on pages 22 through 24);
- "FOR" on the advisory vote on executive compensation (as described on page 25);
- "1 Year" on the advisory vote to determine the frequency of future advisory votes on executive compensation (as described on page 26); and
- "AGAINST" the stockholder proposal (as described on pages 27 through 29).

If any other matter is properly presented at the meeting, your proxy will vote in accordance with his or her best judgment. At the time this proxy statement went to press, we knew of no other matters to be acted on at the meeting. See "Vote Necessary to Approve Proposals" for a discussion of the votes required to approve these items.

Certain stockholders received a Notice containing instructions on how to access this proxy statement and our Annual Report on Form 10-K via the Internet. Those stockholders should refer to the Notice for instructions on how to vote.

Revoking Your Proxy

You may revoke your proxy by:

- submitting a later dated proxy (including a proxy via telephone or the Internet),
- notifying our Secretary at our principal executive offices at Three Limited Parkway, Columbus, Ohio 43230, in writing before the meeting that you have revoked your proxy, or
- voting in person at the meeting.

Voting in Person

If you plan to vote in person, a ballot will be available when you arrive. However, if your shares are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of the shares at the close of business on March 28, 2011, the record date for voting.

Appointing Your Own Proxy

If you want to give your proxy to someone other than the individuals named as proxies on the proxy card, you may cross out the names of those individuals and insert the name of the individual you are authorizing to vote. Either you or that authorized individual must present the proxy card at the meeting.

Quorum Requirement

A quorum of stockholders is necessary to hold a valid meeting. The presence in person or by proxy at the meeting of holders of shares representing at least one-third of the votes of the Common Stock entitled to vote constitutes a quorum. Abstentions and "broker non-votes" are counted as present for establishing a quorum. A broker non-vote occurs on an item when a broker is not permitted to vote on that item absent instruction from the beneficial owner of the shares and no instruction is given.

Vote Necessary to Approve Proposals

- Pursuant to the Company's Bylaws, each director will be elected by a majority of the votes cast with respect to such director. A majority of the votes cast means that the number of votes "for" a director's election must exceed 50% of the votes cast with respect to that director's election. Any "withhold" or "against" votes will count as a vote cast, but "abstentions" will not count as a vote cast with respect to that director's election. Under Delaware law, if the director is not elected at the annual meeting, the director will continue to serve on the Board as a "holdover director." As required by the Company's Bylaws, each director has submitted an irrevocable letter of resignation as director that becomes effective if he or she does not receive a majority of votes cast in an election and the Board accepts the resignation. If a director is not elected, the Nominating & Governance Committee will consider the director's resignation and recommend to the Board whether to accept or reject the resignation.
- The ratification of Ernst & Young LLP as our independent registered public accountants requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon.
- The approval of the 2011 Stock Option Performance and Incentive Plan requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon.
- The approval of the 2011 Cash Incentive Compensation Performance Plan requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon.
- The advisory vote on executive compensation requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon. While this vote is required by law, it will neither be binding on the Company or the Board, nor will it create or imply any change in the fiduciary or other duties of, or impose any additional fiduciary or other duties on, the Company or the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.
- With respect to the advisory vote to determine the frequency of future advisory votes on executive compensation, the voting option, if any, that receives the affirmative vote of a majority of the votes present in person or by proxy and voting thereon will be the option adopted by the stockholders. While this vote is required by law, it will neither be binding on the Company or the Board, nor will it create or imply any change in the fiduciary or other duties of, or impose any additional fiduciary or other duties on, the Company or the Board. However, the Compensation Committee and the Nominating & Governance Committee will take into account the outcome of the vote in making a determination on the frequency of future advisory votes on executive compensation.
- The stockholder proposal requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon.

Impact of Abstentions and Broker Non-Votes

You may "abstain" from voting for any nominee in the election of directors and on the other proposals and advisory votes. Abstentions will not count as a vote cast with respect to the election of directors, the other proposals or the advisory votes. Abstentions with respect to the other proposals and advisory votes will be excluded entirely from the vote and will have no effect.

In addition, under New York Stock Exchange ("NYSE") rules, if your broker holds your shares in its name, your broker is permitted to vote your shares on the proposals and the advisory votes, except as described below, even if it does not receive voting instructions from you. Your broker may not vote your shares on the proposals for the election of directors, the 2011 Stock Option Performance and Incentive Plan, the 2011 Cash Incentive Compensation Performance Plan, the advisory vote on executive compensation, the advisory vote to determine the frequency of future advisory votes on executive compensation or the shareholder proposal. A "broker non-vote" occurs when a broker submits a proxy but refrains from voting. Shares represented by broker non-votes are counted as present or represented for purposes of determining the presence of a quorum but are not counted as otherwise present or represented.

Obtaining Additional Copies of the Proxy Materials

We have adopted a procedure called “householding.” Under this procedure, stockholders who share the same last name and reside at the same mailing address will receive one Notice or one set of proxy materials (if they have elected to receive hard copies of the proxy materials), unless one of the stockholders at that address has notified us that they wish to receive individual copies. Stockholders who participate in householding continue to receive separate control numbers for voting. Householding does not in any way affect dividend check mailings.

If you hold Limited Brands Common Stock and currently are subject to householding, but prefer to receive separate copies of proxy materials and other stockholder communications from Limited Brands, or if you are sharing an address with another stockholder and would like to consent to householding, you may revoke or grant your consent to householding as appropriate at any time by calling toll-free at 1-800-579-1639.

A number of brokerages and other institutional holders of record have implemented householding. If you hold your shares beneficially in street name, please contact your broker or other intermediary holder of record to request information about householding.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors has nominated three directors for election at the annual meeting. If you elect the three nominees, they will hold office for a three-year term expiring at the 2014 annual meeting or until their successors have been elected. All nominees are currently serving on our Board of Directors.

We believe that our Board as a whole possesses the right diversity of experience, qualifications and skills to oversee and address the key issues facing our Company. In addition, we believe that each of our directors possesses key attributes that we seek in a director, including strong and effective decision-making, communication and leadership skills. Set forth below is additional information about the experience and qualifications of each of the nominees for director, as well as each of the current members of the Board, that led the Nominating & Governance Committee and Board of Directors to conclude, at the time each individual was nominated to serve on the Board of Directors, that he or she would provide valuable insight and guidance as a member of the Board of Directors.

Your proxy will vote for each of the nominees unless you specify otherwise. If any nominee is unable to serve, your proxy may vote for another nominee proposed by the Board of Directors. We do not know of any nominee of the Board of Directors who would be unable to serve as a director if elected.

The Board of Directors Recommends a Vote FOR the Election of All of the Following Nominees of the Board of Directors:

Nominees and Directors

Nominees of the Board of Directors at the 2011 Annual Meeting

Donna A. James *Director since 2003* *Age 53*

In April 2006, Ms. James established Lardon & Associates LLC, a business and executive advisory services firm, where she is Managing Director. Ms. James served as the President of Nationwide Strategic Investments, a division of Nationwide Mutual Insurance Company ("Nationwide"), from 2003 through March 31, 2006. Ms. James served as Executive Vice President and Chief Administrative Officer of Nationwide and National Financial Services from 2000 until 2003. Ms. James served as Chairman of Financial Settlement Services Agency, Inc. from 2005 through 2006. She is a director of Coca-Cola Enterprises Inc., a nonalcoholic beverages company, CNO Financial (f/k/a Conseco, Inc.), an insurance company, and Time Warner Cable Inc., a provider of video, data and voice services. Ms. James's nomination is supported by her executive experience, financial expertise, service on several boards of directors and experience with respect to corporate diversity and related issues.

Jeffrey H. Miro *Director since 2006* *Age 68*

Mr. Miro has been a senior partner of the Honigman Miller Schwartz and Cohn LLP law firm since November 2004. He was a partner and Chairman of the law firm of Miro Weiner & Kramer from 1981 until November 2004. He is an Adjunct Professor of Law at The University of Michigan Law School, teaching courses in taxation and corporate governance. Mr. Miro is a director of M/I Homes, Inc., a national home building company, and was a director of Sotheby's Holdings, Inc. until May 2006. Mr. Miro's nomination is supported by his legal expertise, particularly with respect to corporate governance and real estate, which are matters of considerable importance to the Company.

Raymond Zimmerman *Director since 1984* *Age 78*

Mr. Zimmerman is the Chief Executive Officer of Service Merchandise LLC, a retail company. Mr. Zimmerman was Chairman of the Board and Chief Executive Officer of 99¢ Stuff, LLC from 1999 to 2003 and the Chairman of the Board and Chief Executive Officer of 99¢ Stuff, Inc. from 2003 to 2008. In January 2007, 99¢ Stuff, Inc. filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code, and in October 2007, 99¢ Stuff, Inc. emerged from bankruptcy. Mr. Zimmerman's nomination is supported by his financial expertise and broad business experience, particularly in the retail sector.

Directors Whose Terms Continue until the 2012 Annual Meeting

James L. Heskett *Director since 2002* *Age 78*

Professor Heskett is a Baker Foundation Professor Emeritus at the Harvard University Graduate School of Business Administration, where he has served on the faculty and administration since 1965. Professor Heskett served as a member of the Board of Directors of Office Depot, Inc. through 2006 and as a member of the Board of Directors of Intelliseek through 2005. Professor Heskett's nomination was supported by his broad expertise with respect to a range of management and organizational matters, including logistics, customer relationship management, service management and entrepreneurship.

Allan R. Tessler *Director since 1987* *Age 74*

Mr. Tessler has been Chairman of the Board and Chief Executive Officer of International Financial Group, Inc., an international merchant banking firm, since 1987. He has been Chairman of the Board of Epoch Investment Partners, Inc., an investment management company and formerly J Net Enterprises, since 2004. He was Chief Executive Officer and Chairman of the Board of J Net Enterprises from 2000 to 2004. Mr. Tessler was Chairman of the Board of InterWorld Corporation from 2001 to 2004. Mr. Tessler was Chairman of Checker Holdings Corp. IV from 1997 to 2009. Mr. Tessler has served as a director of TD Ameritrade, a securities brokerage company, since November 2006. Mr. Tessler serves on TD Ameritrade's Audit Committee. Mr. Tessler's nomination was supported by his broad business experience and financial expertise, together with his involvement in various public policy issues.

Abigail S. Wexner *Director since 1997* *Age 49*

Mrs. Wexner is Chair of the Boards of Directors of Nationwide Children's Hospital Inc. and Nationwide Children's Hospital; Founder and Chair of the Boards of the Columbus Coalition Against Family Violence, KidsOhio.org and the Center for Child and Family Advocacy; Vice Chair of the Board of KIPP Journey Academy; and a Trustee of The Wexner Center Foundation and the United States Equestrian Team Foundation. Mrs. Wexner is the wife of Leslie H. Wexner. Mrs. Wexner's nomination was supported by her executive and legal experience, as well as her expertise with respect to a wide range of diversity, philanthropic and public policy issues.

Directors Whose Terms Continue until the 2013 Annual Meeting

Dennis S. Hersch *Director since 2006* *Age 64*

Mr. Hersch is President of N.A. Property, Inc., through which he acts as a business advisor to Mr. and Mrs. Wexner, and has done so since February 2008. He also serves as a trustee of several trusts established by Mr. and Mrs. Wexner. He was a Managing Director of JPMorgan Securities Inc., an investment bank, from December 2005 through January 2008, where he served as the Global Chairman of its Mergers & Acquisitions Department. Mr. Hersch was a partner of Davis Polk & Wardwell LLP, a New York law firm, from 1978 until

December 2005. Mr. Hersch has been a director of Clearwire Corporation, a wireless, high-speed Internet service provider, since November 2008 and a director at Sprout Foods, Inc. since 2009. Mr. Hersch's nomination was supported by his legal and financial expertise, as well as his considerable experience with corporate governance matters, strategic issues and corporate transactions.

David T. Kollat	*Director since 1976*	*Age 72*

Dr. Kollat has been Chairman of 22, Inc., a management consulting firm, since 1987. He is also a director of Big Lots, Inc., a retailer, Select Comfort Corporation, a bed manufacturing company, and Wolverine World Wide, Inc., a footwear, apparel and accessories manufacturing company. In addition to his broad business experience (including service on several boards of directors) and marketing expertise, Dr. Kollat's nomination was supported by his particular experience in the retail, apparel and other related industries, both at the management and board levels.

William R. Loomis, Jr.	*Director since 2005*	*Age 63*

Mr. Loomis has served as a director for Pacific Capital Bancorp, a banking and financial services firm, since 2010 where he serves on the Audit Committee. Mr. Loomis was a General Partner or Managing Director of Lazard Freres & Co., an investment bank, from 1984 to 2002. After the formation of Lazard LLC in 2000, he became the Chief Executive Officer of the new entity. Mr. Loomis became a Limited Managing Director of Lazard LLC in 2002 and resigned from that position in March 2004. Through 2005, Mr. Loomis was a member of the Board of Directors of Alcan, Inc. Since January 2009, Mr. Loomis has been an independent financial advisor. Mr. Loomis's nomination was supported by his executive experience, financial expertise and substantial history as a senior strategic advisor to complex businesses and multiple executives.

Leslie H. Wexner	*Director since 1963*	*Age 73*

Mr. Wexner has been Chief Executive Officer of Limited Brands since he founded the Company in 1963, and Chairman of the Board for more than forty years. Mr. Wexner is the husband of Abigail S. Wexner. Mr. Wexner's nomination was supported by his leadership of the Company since its inception, demonstrated through its substantial growth.

Director Independence

The Board has determined that each of the individuals nominated to serve on the Board of Directors, together with each of the members of the Board who will continue to serve after the 2011 annual meeting of stockholders (except for Dennis S. Hersch, Abigail S. Wexner and Leslie H. Wexner), has no material relationship with the Company other than in his or her capacity as a director of the Company and that each is "independent" in accordance with applicable NYSE standards. Following the annual meeting of stockholders, if all director nominees are elected to serve as our directors, independent directors will constitute more than two-thirds of our Board.

In making these determinations, the Board took into account all factors and circumstances that it considered relevant, including, where applicable, the existence of any employment relationship between the director (or nominee) or a member of the director's (or nominee's) immediate family and the Company; whether within the past three years the director (or nominee) has served as an executive officer of the Company; whether the director (or nominee) or a member of the director's (or nominee's) immediate family has received, during any twelve-month period within the last three years, direct compensation from the Company in excess of $120,000; whether the director (or nominee) or a member of the director's (or nominee's) immediate family has been, within the last three years, a partner or an employee of the Company's internal or external auditors; and whether the director (or nominee) or a member of the director's (or nominee's) immediate family is employed by an entity that is engaged in business dealings with the Company. The Board has not adopted categorical standards with respect to director independence. The Board believes that it is more appropriate to make independence determinations on a case-by-case basis in light of all relevant factors.

Board Leadership Structure

Mr. Leslie H. Wexner serves as Chairman of the Board and Chief Executive Officer of the Company. Mr. Wexner is the founder of the Company and has served as its Chairman and Chief Executive Officer for over forty years. Mr. Wexner (through his personal holdings and associated trusts) is also the Company's largest stockholder. The Board believes that Mr. Wexner's experience and expertise in the Company's business and operations is unrivaled and that he is uniquely qualified to lead the Company. Accordingly, the Company believes that Mr. Wexner's service as both Chairman of the Board and Chief Executive Officer is a significant benefit to the Company and provides more effective leadership than could be achieved in another leadership structure.

The Board has designated Allan R. Tessler, the Chairperson of the Nominating & Governance Committee, to serve as the lead independent director. As lead independent director, Mr. Tessler, among other things, presides over all executive sessions of non-management directors. The Company believes that the lead independent director structure, including Mr. Tessler's service as lead independent director, offers independent oversight of the Company's management to complement the leadership that Mr. Wexner provides to the Board as its Chairman.

Risk Oversight; Certain Compensation Matters

The Company's Board of Directors, directly and through the Audit Committee and other Committees of the Board, takes an active role in the oversight of the Company's policies with respect to the assessment and management of enterprise risk. Among other things, the Board has policies in place for identifying the senior executive responsible for key risks as well as the Board Committees with oversight responsibility for particular key risks. In a number of cases, oversight is conducted by the full Board.

Among other things, the Company, including the Compensation Committee of the Board, has evaluated the Company's compensation structure from the perspective of enterprise risk. The Company, including the Compensation Committee, believes that the Company's compensation structures are appropriate and do not incentivize inappropriate taking of business risks.

Information Concerning the Board of Directors

Meeting Attendance

Our Board of Directors held 7 meetings in fiscal year 2010. During fiscal year 2010, all of the directors attended 75% or more of the total number of meetings of the Board and of the committees of the Board on which they served.

Committees of the Board of Directors

Audit Committee

The Audit Committee of the Board is instrumental in the Board's fulfillment of its oversight responsibilities relating to (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the qualifications, independence and performance of the Company's independent auditors and (iv) the performance of the Company's internal audit function. The current members of the Audit Committee are Ms. James (Chair) and Messrs. Loomis, Tessler and Zimmerman. The Board has determined that each of the Audit Committee members meets the independence, expertise and experience standards established by the NYSE and the Securities and Exchange Commission (the "Commission") for service on the Audit

Committee of the Company's Board of Directors and for designation as an "audit committee financial expert" within the meaning of the regulations promulgated by the Commission.

The Report of the Audit Committee can be found on page 63 of this proxy statement. The Audit Committee held 16 meetings in fiscal year 2010.

Compensation Committee

The Compensation Committee of the Board (i) oversees the Company's compensation and benefits philosophy and policies generally, (ii) evaluates the Chief Executive Officer's (the "CEO") performance and oversees and sets compensation for the CEO, (iii) oversees the evaluation process and compensation structure for other members of the Company's senior management and (iv) fulfills the other responsibilities set forth in its charter. The current members of the Compensation Committee are Mr. Heskett (Chair), Mr. Miro and Dr. Kollat. The Board has determined that each of the Compensation Committee members is "independent" in accordance with applicable NYSE standards.

The Report of the Compensation Committee can be found on page 58 of this proxy statement. The Compensation Committee held 8 meetings in fiscal year 2010.

Executive Committee

The Executive Committee of the Board may exercise, to the fullest extent permitted by law, all of the powers and authority granted to the Board. Among other things, the Executive Committee may declare dividends, authorize the issuance of stock and authorize the seal of Limited Brands to be affixed to papers that require it. The current members of the Executive Committee are Messrs. Wexner (Chair) and Tessler.

Finance Committee

The Finance Committee of the Board periodically reviews our financial position and financial arrangements with banks and other financial institutions. The Finance Committee also makes recommendations on financial matters that it believes are necessary, advisable or appropriate. The current members of the Finance Committee are Mr. Tessler (Chair), Mr. Hersch, Dr. Kollat, Mr. Loomis, Mrs. Wexner and Mr. Zimmerman.

The Finance Committee held 2 meetings in fiscal year 2010.

Nominating & Governance Committee

The Nominating & Governance Committee of the Board identifies and recommends to the Board candidates who are qualified to serve on the Board and its committees. The Nominating & Governance Committee considers and reviews the qualifications of any individual nominated for election to the Board by stockholders. It also proposes a slate of candidates for election as directors at each annual meeting of stockholders. The Nominating & Governance Committee also develops and recommends to the Board, and reviews from time to time, a set of corporate governance principles for the Company and monitors compliance with those principles. The current members of the Nominating & Governance Committee are Mr. Tessler (Chair), Mr. Heskett, Ms. James and Mr. Miro. The Board has determined that each of the Nominating & Governance Committee members is "independent" in accordance with applicable NYSE standards.

The Nominating & Governance Committee develops and recommends to the Board criteria and procedures for the selection and evaluation of new individuals to serve as directors and committee members. It also reviews and periodically makes recommendations to the Board regarding the composition, size, structure, practices, policies and activities of the Board and its committees. In making its assessment and in identifying and evaluating director nominees, the Nominating & Governance Committee takes into account the qualifications of existing directors for continuing service or re-nomination, which may be affected by, among other things, the quality of their contributions, their attendance records, changes in their primary employment or other business affiliations, the number of boards of publicly held companies on which they serve, or other competing demands on their time and attention. While the Board has not established any specific minimum qualifications for director nominees, as indicated in the Company's corporate governance principles, the directors and any potential nominees should be individuals of diverse backgrounds who possess the integrity, judgment, skills, experience and other characteristics that are deemed necessary or desirable for the effective performance of the Board's oversight function. Certain of the skills, qualifications and particular areas of expertise considered with respect to the members of the Board of Directors at the time each Director was nominated are summarized in the director biographies found on pages 5 through 7 of this proxy statement. Although the Nominating & Governance Committee considers diversity as a factor in the selection of Board nominees, the Committee has no formal policy regarding the role of diversity in its selection process.

The Nominating & Governance Committee does not have a formal policy on the consideration of director candidates recommended by stockholders. The Board believes that it is more appropriate to give the Nominating & Governance Committee flexibility in evaluating stockholder recommendations. In the event that a director nominee is recommended by a stockholder, the Nominating & Governance Committee will give due consideration to the director nominee and will use the same criteria used for evaluating Board director nominees, in addition to considering the information relating to the director nominee provided by the stockholder.

To date, the Company has not engaged third parties to identify or evaluate or assist in identifying potential director nominees, although the Company reserves the right in the future to retain a third-party search firm, if appropriate.

The Nominating & Governance Committee held 3 meetings in fiscal year 2010.

Meetings of the Company's Non-Management Directors

The non-management directors of the Board meet in executive session in connection with each regularly scheduled Board meeting. The director who is the Chairperson of the Nominating & Governance Committee serves as the chair of those meetings.

Communications with the Board

The Board provides a process for interested parties to send communications to the full Board, the non-management members of the Board and the members of the Audit Committee. Any director may be contacted by writing to him or her c/o Limited Brands, Inc., Three Limited Parkway, Columbus, Ohio 43230 or emailing at *boardofdirectors@limitedbrands.com*. Any stockholder wishing to contact non-management directors or Audit Committee members may send an email to *nonmanagementdirectors@limitedbrands.com* or *auditcommittee@limitedbrands.com*, respectively. Communications that are not related to a director's duties and responsibilities as a Board member, a non-management director or an Audit Committee member may be excluded by the Office of the General Counsel, including, without limitation, solicitations and advertisements; junk mail; product-related communications; job referral materials such as resumes; surveys; and any other material that is determined to be illegal or otherwise inappropriate. The directors to whom such information is addressed are informed that the information has been removed and that it will be made available to such directors upon request.

Attendance at Annual Meetings

The Company does not have a formal policy regarding attendance by members of the Board of Directors at the Company's annual meeting of stockholders. However, it encourages directors to attend and historically most have done so. All of the then-current Board members attended the 2010 annual meeting with the exception of

Dr. Kollat. Each director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending meetings of the Board and the committees of which he or she is a member.

Code of Conduct and Related Person Transaction Policy

The Company has a code of conduct that is applicable to all employees of the Company, including the Company's CEO, Chief Administrative Officer and Chief Financial Officer, and to members of the Board of Directors. Any amendments to the code or any waivers from any provisions of the code granted to executive officers or directors will be promptly disclosed to stockholders through posting on the Company's website at *http://www.limitedbrands.com*.

The Board has adopted Limited Brands' Related Person Transaction Policy (the "Related Person Transaction Policy"). Under the Related Person Transaction Policy, subject to certain exceptions, directors and executive officers of the Company are required to notify the Company of the existence or potential existence of any financial or commercial transaction, agreement or relationship involving the Company in which a director or executive officer or his or her immediate family members has a direct or indirect material interest. Each such transaction must be approved by the Board or a committee consisting solely of independent directors after consideration of all material facts and circumstances.

The Company is engaged in several projects designed to increase our speed and agility in producing products that satisfy our customers. As part of these efforts, the Company has sought opportunities to co-locate facilities and operations with appropriate suppliers. In the case of its personal care and beauty businesses, the development of supplier facilities in close proximity to our headquarters and distribution facilities in Columbus, Ohio, is considered to be highly desirable. The New Albany Company, a business beneficially owned by affiliates of Mr. Wexner, our Chairman and Chief Executive Officer, is in the business of developing real estate, including industrial parks, and has sold land (and may in the future sell land) to certain vendors or third party developers in that connection. Given New Albany's involvement, this matter was evaluated by the Audit Committee of the Board of Directors, which concluded that the underlying transactions were in the best interests of the Company and its shareholders.

Copies of the Company's Code of Conduct, Corporate Governance Principles, Related Person Transaction Policy and Committee Charters

The Company's code of conduct, corporate governance principles, Related Person Transaction Policy, as well as the charters of the Audit Committee, Compensation Committee and Nominating & Governance Committee of the Board of Directors, are available on the Company's website at *http://www.limitedbrands.com*. Stockholders may also request a copy of any such document from: Limited Brands, Inc., Attention: Investor Relations, Three Limited Parkway, Columbus, Ohio 43230.

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee has appointed Ernst & Young LLP to serve as the Company's independent registered public accountants for the fiscal year ending January 28, 2012. We are asking you to ratify this appointment, although your ratification is not required. A representative of Ernst & Young LLP will be present at the meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions.

Additional information concerning the Company's engagement of Ernst & Young LLP is included on page 64.

The Board of Directors Recommends a Vote FOR the Ratification of the Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accountants.

PROPOSAL 3: 2011 STOCK OPTION AND PERFORMANCE INCENTIVE PLAN

Subject to stockholder approval, the Board has adopted the 2011 Stock Option and Performance Incentive Plan (the "**2011 Plan**"), which would replace our 2009 Restatement of the 1993 Stock Option and Performance Incentive Plan (the "**1993 Plan**"). The Board believes that an effective equity compensation program is a key component of our compensation philosophy and requests that the stockholders approve the 2011 Plan.

The Board believes that the 1993 Plan has been effective in attracting and retaining high caliber employees. The Board further believes that the terms of the 2011 Plan update the 1993 Plan for developments in corporate governance and applicable law. The 1993 Plan was approved by the Company's stockholders and, along with its predecessor plans, has served as an important part of the Company's overall compensation program through its enabling of granting stock options and other equity-based awards to employees and advisors.

As of April 1, 2011, there were 9,855,895 shares of Common Stock of the Company available for future awards under the 1993 Plan and 72,675 shares of Common Stock available for future awards under the 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors, not including shares of our Common Stock that may be forfeited, terminated, surrendered or canceled without the delivery of shares of Common Stock under outstanding awards. As of April 1, 2011, there were 12,730,127 options to purchase the Company's Common Stock outstanding and no stock appreciation rights outstanding. The options have a weighted average exercise price of $17.71 per share and a weighted average remaining term of 6.3 years. There were 10,416,848 shares of Common Stock outstanding in connection with unvested full value awards as of April 1, 2011. There were 318,415,578 shares of Common Stock outstanding on March 28, 2011, the record date for the 2011 annual meeting. Upon stockholder approval of the 2011 Plan, the 2011 Plan will become effective immediately and no further awards will be made under the 1993 Plan.

The following summary of the material terms of the 2011 Plan, a copy of which is attached hereto as Appendix A, does not purport to be complete and is qualified in its entirety by the terms of the 2011 Plan. In the event that the 2011 Plan is not approved by our stockholders, awards will continue to be made under the 1993 Plan.

The Board of Directors Recommends a Vote FOR Approval of the 2011 Stock Option and Performance Incentive Plan.

Purpose of the 2011 Plan

The purpose of the 2011 Plan is to attract and retain the best available executive and key management associates, consultants and other advisors for Limited Brands and its subsidiaries and affiliates and to encourage the highest level of performance by such associates, consultants and other advisors, thereby enhancing the value of Limited Brands for the benefit of its stockholders. The 2011 Plan is also intended to motivate executive and key management associates, consultants and other advisors to contribute to Limited Brands' future growth and profitability and to reward their performance in a manner that provides them with a means to increase their holdings of Common Stock and aligns their interest with the interests of the stockholders of Limited Brands.

Administration of the 2011 Plan

The 2011 Plan will be administered by the Compensation Committee of the Board (the "**Compensation Committee**"). The Compensation Committee will be composed of directors who qualify as "non-employee directors" within the meaning of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "**Code**") and "independent" to the extent required by applicable law or rules of the New York Stock Exchange. The Compensation Committee has the power in its discretion to grant awards under the 2011 Plan, to determine the terms thereof, to interpret the provisions of the 2011 Plan and to take action as it deems necessary or advisable for the administration of the 2011 Plan.

Number of Authorized Shares

The 2011 Plan provides for awards with respect to a maximum of 16,855,897 shares of Common Stock to associates of Limited Brands and its subsidiaries and affiliates (composed of 7,000,000 shares for which stockholder approval is being requested, which constitutes 2.2% of Limited Brands' outstanding 318,415,578 shares of Common Stock as of March 28, 2011, plus 9,855,895 previously authorized and unissued shares under the 1993 Plan as of April 1, 2011), plus shares of Common Stock issuable upon the exercise of Substitute Awards. The number and class of shares available under the 2011 Plan and/or subject to outstanding awards may be adjusted by the Compensation Committee to prevent dilution or enlargement of rights in the event of various changes in the capitalization of Limited Brands. "**Substitute Awards**" are awards granted in assumption of or in substitution for any outstanding awards granted by a company acquired by Limited Brands or with which Limited Brands combines. Shares of Common Stock granted under the 2011 Plan or the 1993 Plan, other than under Substitute Awards, attributable to: (i) unexercised Options (as hereinafter defined) which expire or are terminated, surrendered or cancelled (other than in connection with the exercise of stock appreciation rights ("**SARs**")); (ii) shares of Common Stock of Limited Brands subject to certain restrictions ("**Restricted Shares**") which are forfeited to Limited Brands, including shares relating to Restricted Share Units (as hereinafter defined); (iii) units representing shares of Common Stock ("**Performance Units**") which are not earned and paid; and (iv) awards settled in cash in lieu of shares of Common Stock, may be available for subsequent award under the 2011 Plan at the Compensation Committee's discretion to the extent permissible under Rule 16b-3 of the Exchange Act.

Eligibility and Participation

Eligibility to participate in the 2011 Plan is limited to associates, consultants, directors and other advisors or individuals who provide services to (i) the Company or any of its subsidiaries or affiliates, or (ii) any joint venture in which the Company or any of its subsidiaries or affiliates holds at least a 40% interest, and who, in each case, are selected to participate in the 2011 Plan by the Compensation Committee. Currently, approximately 5,500 individuals are within the classes eligible to participate in the 2011 Plan. Limited Brands anticipates that approximately 23% of those eligible will participate in the 2011 Plan. Participation in the 2011 Plan is at the discretion of the Compensation Committee and shall be based upon the person's present and potential contributions to the success of Limited Brands and its subsidiaries and such other factors as the Compensation Committee deems relevant. No participant may be granted in any calendar year, awards covering more than 2,000,000 shares of Common Stock.

Type of Awards Under the 2011 Plan

The 2011 Plan provides that the Compensation Committee may grant awards to eligible participants in any of the following forms, subject to such terms, conditions and provisions as the Compensation Committee may determine to be necessary or desirable: (i) incentive stock options ("**ISOs**"), (ii) nonstatutory stock options ("**NSOs**"), (iii) SARs, (iv) Restricted Shares, which may be granted in the form of Restricted Share Units, (v) Performance Units and (vi) shares of unrestricted Common Stock ("**Unrestricted Shares**").

Grant of Options and SARs

The Compensation Committee may award ISOs and/or NSOs (collectively, "**Options**") to eligible participants. ISOs may be awarded only to eligible associates. SARs may be awarded either in tandem with Options ("**Tandem SARs**") or on a stand-alone basis ("**Nontandem SARs**"). Tandem SARs may be awarded by the Compensation Committee either at the time the related Option is granted or thereafter at any time prior to the exercise, termination or expiration of the related Option.

Exercise Price

The exercise price with respect to an Option is determined by the Compensation Committee at the time of grant. The exercise price determined with respect to an Option shall also be applicable in connection with the exercise of any Tandem SAR granted with respect to such Option. At the time of grant of a Nontandem SAR, the Compensation Committee will specify the base price of the shares of Common Stock to be issued for determining the amount of cash or number of shares of Common Stock to be distributed upon the exercise of such Nontandem SAR. Except with respect to Substitute Awards, neither the exercise price per share of Common Stock nor the base price of Nontandem SARs will be less than 100% of the fair market value per share of the Common Stock underlying the award on the date of grant. Information as to awards granted under the 1993 Plan to named executive officers and other participants in respect of the 2010 fiscal year is set forth elsewhere in this proxy statement.

Vesting

The Compensation Committee may determine at the time of grant and at any time thereafter, the terms under which Options and SARs shall vest and become exercisable.

Special Limitations on ISOs

No ISO may be granted to an associate who owns, at the time of the grant, stock representing more than 10% of the total combined voting power of all classes of stock of Limited Brands (a "**10% Stockholder**"), unless the exercise price per share of Common Stock for the shares subject to such ISO is at least 110% of the fair market value per share of Common Stock on the date of grant and such ISO award is not exercisable more than five years after its date of grant. In addition, the total fair market value of shares of Common Stock subject to ISOs which are exercisable for the first time by an eligible associate in a given calendar year shall not exceed $100,000, valued as of the date of the ISOs' grant. ISOs may not be granted more than 10 years after the date of adoption of the 2011 Plan by the Board.

Exercise of Options and SARs

An Option may be exercised by written notice to the Compensation Committee or its designee stating the number of shares of Common Stock with respect to which the Option is being exercised, and tendering payment therefor. The Compensation Committee may, at its discretion, accept shares of Common Stock as payment (valued at their fair market value on the date of exercise).

Tandem SARs are exercisable only to the extent that the related Option is exercisable and only for the period determined by the Compensation Committee (which period may expire prior to the expiration date of the related Option). Upon the exercise of all or a portion of Tandem SARs, the related Option shall be cancelled with respect to an equal number of shares of Common Stock. Similarly, upon exercise of all or a portion of an Option, the related Tandem SARs shall be cancelled with respect to an equal number of shares of Common Stock. Nontandem SARs shall be exercisable for the period determined by the Compensation Committee.

Surrender or Exchange of SARs

Upon the surrender of a Tandem SAR and cancellation of the related unexercised Option, the participant will be entitled to receive shares of Common Stock having an aggregate fair market value equal to (A) the excess of (i) the fair market value of one share of Common Stock as of the date the Tandem SAR is exercised over (ii) the exercise price per share specified in such Option, multiplied by (B) the number of shares of Common Stock subject to the Option, or portion thereof, which is surrendered. Upon surrender of a Nontandem SAR, the associate will be entitled to receive shares of Common Stock having an aggregate fair market value equal to (A) the excess of (i) the fair market value of one share of Common Stock as of the date on which the Nontandem

SAR is exercised over (ii) the base price of the shares covered by the Nontandem SAR multiplied by (B) the number of shares of Common Stock covered by the Nontandem SAR, or the portion thereof being exercised. The Compensation Committee, in its discretion, may cause all or any portion of Limited Brands' obligation to a participant in respect of the exercise of an SAR to be satisfied in cash in lieu of Common Stock. Any fractional shares resulting from the exercise of an SAR will be paid in cash.

Nontransferability of Options and SARs

Options and SARs may not be transferred, assigned, pledged or hypothecated except by will or applicable laws of descent and distribution, provided that the Committee may determine that NSOs may be transferred to or for the benefit of members of a Participant's immediate family.

Expiration of Options

Options will expire at such time as the Compensation Committee determines; provided, however, that no Option may be exercised more than 10 years from the date of grant, unless an ISO is held by a 10% Stockholder, in which case such ISO may not be exercised more than five years from the date of grant.

Expiration of SARs

SARs will expire at such time as the Compensation Committee determines; provided, however, that no SAR may be exercised more than 10 years from the date of grant.

Termination of Options and SARs

Except as the Compensation Committee may at any time provide, Options and SARs may be exercised at any time within one year (30 days if termination of employment is for cause, as defined in the 2011 Plan) after the termination of a participant's employment (other than by death or total disability), to the extent then exercisable, but in no case later than the term specified in the grant. Except as the Compensation Committee may at any time provide, upon the death of a participant while employed by Limited Brands or its subsidiaries or affiliates, Options and SARs shall become fully exercisable and shall remain exercisable for one year following such participant's death, but in no case later than the term specified in the grant. Except as the Compensation Committee may at any time provide, in the event that a participant to whom an Option or SAR has been granted under the 2011 Plan shall become totally disabled, such Option or SAR may be exercised, to the extent then exercisable, at any time within one year after the participant's employment is terminated as a result of such total disability, but in no case later than the term specified in the grant, and provided that such termination occurs after nine months of absence from work due to the total disability.

Restricted Shares

Restricted Shares granted to participants under the 2011 Plan may not be sold, transferred, pledged or otherwise encumbered or disposed of during the restricted period established by the Compensation Committee. The Compensation Committee may also impose additional restrictions on a participant's right to dispose of or to encumber Restricted Shares, which may include satisfaction of performance objectives. Performance objectives under the 2011 Plan will be determined by the Compensation Committee and will be based on any one or more of the following: price of Common Stock or the common stock of any affiliate, stockholder return, return on equity, return on investment, return on capital, sales productivity, comparable store sales growth, economic profit, economic value added, net income, operating income, gross margin, sales, free cash flow, earnings per share, operating Company contribution or market share. These factors shall have a minimum performance standard below which no payments will be made, and a maximum performance standard at or above which no incremental payments will be made. These performance goals may be based on an analysis of historical performance and growth expectations for the business, financial results of other comparable businesses, and progress towards achieving the long-range strategic plan for the business. These performance goals and determination of results shall be based entirely on financial measures. The Compensation Committee may not use any discretion to modify award results except as permitted under Section 162(m) of the Code.

Except as the Compensation Committee may at any time provide, holders of Restricted Shares may not exercise the rights of a stockholder, such as the right to vote the shares or receive dividends and other distributions, prior to the vesting of the shares.

Upon the death of a participant, the restrictions applicable to Restricted Shares held by such participant will lapse. Except as the Compensation Committee may at any time provide, upon termination of the participant's employment with Limited Brands, Restricted Shares granted to such participant shall be forfeited.

Restricted Share Units

A "**Restricted Share Unit**" represents the right to receive a share of Common Stock (or cash equivalent, if applicable) in the future, provided that the restrictions and conditions designated by the Compensation Committee at the time of the grant are satisfied. Except as determined otherwise by the Compensation Committee, during the restricted period with respect to such Restricted Share Units, participants shall not have the right to vote or receive dividends with respect to such Restricted Share Units. After the end of the restricted period, and prior to the time that shares of Common Stock are transferred to the participant, the participant shall be credited with "dividend equivalents" with respect to each outstanding Restricted Share Unit in an amount equal to the amount the participant would have received as dividends if the Restricted Share Units were actual shares of Common Stock. Such dividend equivalents will be converted into additional Restricted Share Units based on the value of the Common Stock on the dividend payment date, in accordance with the procedures established by the Compensation Committee.

Performance Units

The Compensation Committee may award to participants Performance Units which will have a specified value or formula-based value at the end of a performance period. Performance Units so awarded will be credited to an account established and maintained for the participant. The Compensation Committee will determine performance periods and performance objectives in connection with each grant of Performance Units.

Vesting of awards of Performance Units will occur upon achievement of the applicable objectives within the applicable performance period. The Compensation Committee may, at its discretion, permit vesting in the event performance objectives are partially met, or grant additional vested Performance Units in the event performance objectives are surpassed. Payment of vested Performance Units may be made in cash, Common Stock or any combination thereof, as determined by the Compensation Committee.

No voting or dividend rights attach to the Performance Units; however, the Compensation Committee may credit a participant's Performance Unit account with additional Performance Units equivalent to the fair market value of any dividends on an equivalent number of shares of Common Stock, payment of which shall be subject to prior satisfaction of the applicable performance objectives.

Unrestricted Shares

Unrestricted Shares may also be granted at the discretion of the Compensation Committee. Except as required by applicable law, no payment will be required for Unrestricted Shares.

Tax Withholding

The Compensation Committee may require payment, or withhold payments made under the 2011 Plan, in order to satisfy applicable withholding tax requirements.

Effect of Change in Control

In the event a participant's employment or service is terminated by Limited Brands other than for cause during the 24 month period beginning on the date of a change in control, (i) Options and SARs granted to any participant which are not yet exercisable shall become fully exercisable and (ii) any restrictions applicable to any Restricted Shares and Restricted Share Units awarded to such participant shall be deemed to have been satisfied at target and the Restricted Period, if any, applicable to such Restricted Shares and Restricted Share Units held by such participant shall be deemed to have expired.

Term of 2011 Plan

Unless earlier terminated by the Board, the 2011 Plan will terminate on May 25, 2021.

Clawback of Awards

The Compensation Committee may clawback outstanding awards under the 2011 Plan or compensation paid out under the 2011 Plan if (1) required by applicable law or (2) (i) a participant engaged in fraudulent conduct or activities relating to the Company, (ii) a participant has knowledge of such conduct or activities, or (iii) a participant, based upon the participant's position, duties or responsibilities, should have had knowledge of such conduct or activities.

Amendment and Termination

The Board may suspend, amend, modify or terminate the 2011 Plan; *provided, however*, that Limited Brands' stockholders shall be required to approve any amendment that would constitute a "material revision" under applicable NYSE rules. Other than in connection with a corporate transaction involving the Company, the terms of outstanding awards may not be amended to reduce the exercise price of Options or SARs or cancel Options or SARs in exchange for cash, other awards or Options or SARs with an exercise price less than the original Option or SAR without stockholder approval.

Awards granted prior to a termination of the 2011 Plan shall continue in accordance with their terms following such termination. No amendment, suspension or termination of the 2011 Plan shall adversely affect the rights of a participant in awards previously granted without such participant's consent, except to the extent any such action is required by applicable law or stock exchange rules.

New Plan Benefits

Any awards granted under the 2011 Plan will be at the discretion of the Compensation Committee. Therefore, it is not possible at present to determine the amount or form of any award that will be available for grant to any individual during the term of the 2011 Plan or that would have been granted during the last fiscal year had the 2011 Plan been in effect.

As an example, set forth below is a summary of the awards that were made in respect of fiscal 2010 pursuant to the 1993 Plan.

2010 Awards under the 1993 Plan Table

Name and Position	Number of Units
Leslie H. Wexner, Chairman of the Board, CEO	347,917(1) 102,592(2) 245,325(3)
Sharen J. Turney, Executive Vice President, CEO/President, Victoria's Secret	41,657(1) 41,658(2)
Martyn R. Redgrave, Executive Vice President, Chief Administrative Officer	34,659(1) 39,063(2)
Diane L. Neal, Executive Vice President, CEO, Bath & Body Works	33,325(1) 33,326(2)
Stuart B. Burgdoerfer, Executive Vice President, Chief Financial Officer	24,161(1) 26,438(2)
All Executive Officers as a Group	492,133(1) 253,491(2) 245,325(3)
All Current Directors Who are Not Executive Officers as a Group	0(1) 0(2)
All Associates Other than Executive Officers as a Group	1,172,313(1) 1,724,081(2) 0(3)

(1) Consists of options granted to purchase shares of Common Stock. On January 28, 2011, the closing price per share of Common Stock was $28.92.

(2) Consists of restricted stock units relating to shares of Common Stock which will generally vest, in each case, over a period of time subject to the holder's continued employment with the Company.

(3) Consists of unearned performance-based restricted stock units relating to shares of Common Stock which will generally vest over a period of time subject to achievement of a pre-determined quantitative performance goal and the holder's continued employment with the Company.

Federal Income Tax Consequences

Stock Options

There will be no federal income tax consequences to the participant or Limited Brands upon the grant of either an ISO or an NSO under the 2011 Plan. Upon exercise of an NSO, a participant generally will recognize ordinary income in an amount equal to (i) the fair market value, on the date of exercise, of the acquired shares of Common Stock, less (ii) the exercise price of the NSO. Subject to Section 162(m) of the Code and the participant including such compensation in income or Limited Brands satisfying applicable reporting requirements, Limited Brands will be entitled to a tax deduction in the same amount.

Upon the exercise of an ISO, an associate recognizes no immediate taxable income. Income recognition is deferred until the associate sells the shares of Common Stock. If the ISO is exercised no later than three months after the termination of the associate's employment, and the associate does not dispose of the shares acquired pursuant to the exercise of the ISO within two years from the date the ISO was granted and within one year after the exercise of the ISO, the gain on the sale will be treated as long-term capital gain. Certain of these holding periods and employment requirements are liberalized in the event of an associate's death or disability while employed by Limited Brands. The Company is not entitled to any tax deduction with respect to the grant or exercise of ISOs, except that if the Common Stock is not held for the full term of the holding period outlined above, the gain on the sale of such Common Stock, being the lesser of: (i) the fair market value of the Common Stock on the date of exercise minus the exercise price or (ii) the amount realized on disposition minus the exercise price, will be taxed to the associate as ordinary income and, subject to Section 162(m) of the Code and the associate including such compensation in income and Limited Brands satisfying applicable reporting requirements, Limited Brands will be entitled to a deduction in the same amount. The excess of the fair market value of the Common Stock acquired upon exercise of an ISO over the exercise price therefor constitutes a tax preference item for purposes of computing the "alternative minimum tax" under the Code.

Stock Appreciation Rights

There will be no federal income tax consequences to either the participant or Limited Brands upon the grant of a SAR. However, the participant generally will recognize ordinary income upon the exercise of a SAR in an amount equal to the aggregate amount of cash and the fair market value of the shares of Common Stock received upon exercise. Subject to Section 162(m) of the Code and the participant including such compensation in income and Limited Brands satisfying applicable reporting requirements, Limited Brands will be entitled to a deduction equal to the amount includible in the participant's income.

Restricted Shares

There will be no federal income tax consequences to either the participant or Limited Brands upon the grant of Restricted Shares until expiration of the restricted period and the satisfaction of any other conditions applicable to the Restricted Shares. At that time, the participant generally will recognize taxable income equal to the then fair market value for the Common Stock and, subject to Section 162(m) of the Code and the participant including such compensation in income and Limited Brands satisfying applicable reporting requirements, Limited Brands will be entitled to a corresponding deduction.

Performance Units and Restricted Share Units

There will be no federal income tax consequences to the participant or Limited Brands upon the grant of Performance Units or Restricted Share Units. Participants generally will recognize taxable income at the time when payment for the Performance Units or Restricted Share Units is received in an amount equal to the aggregate amount of cash and the fair market value of shares of Common Stock acquired. Subject to Section 162(m) of the Code and the participant including such compensation in income and Limited Brands satisfying applicable reporting requirements, Limited Brands will be entitled to a deduction equal to the amount includible in the participant's income.

Unrestricted Shares.

Participants generally will recognize taxable income at the time Unrestricted Shares are received. Subject to Section 162(m) of the Code and the participant including such compensation in income and Limited Brands satisfying applicable reporting requirements, Limited Brands will be entitled to a deduction equal to the amount includible in the participant's income.

Special rules may apply to participants who are subject to Section 16 of the Exchange Act.

Required Vote

See "Information About the Annual Meeting and Voting—Vote Necessary to Approve Proposals" for a discussion of the vote required to adopt the 2011 Plan.

The Board of Directors Recommends a Vote FOR Approval of the 2011 Plan.

PROPOSAL 4: 2011 CASH INCENTIVE COMPENSATION PERFORMANCE PLAN

Our Board has adopted and is presenting for stockholder approval the Limited Brands, Inc. 2011 Cash Incentive Compensation Performance Plan (the "**Plan**"). The Plan replaces our 2007 Cash Incentive Compensation Performance Plan. The following summary of the material terms of the Plan, a copy of which is attached hereto as Appendix B, does not purport to be complete and is qualified in its entirety by the terms of the Plan.

The Board of Directors Recommends A Vote FOR Approval of the 2011 Cash Incentive Compensation Performance Plan.

Purpose

The Plan is intended to enhance our ability to attract and retain highly qualified executive and managerial-level associates and to provide additional financial incentives to such associates to promote the success of the Company and its subsidiaries. Incentive compensation payable under the Plan is intended to constitute "qualified performance-based compensation" for purposes of Code Section 162(m). In general, Code Section 162(m) disallows deductions for compensation in excess of $1 million paid to any of the five executives of a public corporation required to be named in its proxy statement (a "**Section 162(m) Executive**") unless the compensation is based on attainment of objective performance criteria. However, the Company reserves the right to pay discretionary bonuses, or other types of compensation outside of the Plan, including under the Company's then effective Stock Option and Performance Incentive Plan.

Administration

The Plan will be administered by our Compensation Committee, which will have the power and authority to construe, interpret and administer the Plan and the exclusive right to establish, adjust, pay or decline to pay incentive compensation for each participant. The Compensation Committee may exercise its discretion to reduce by any amount the incentive compensation payable to any participant. In no event, however, will the exercise of discretion with respect to any Section 162(m) Executive increase incentive compensation payable to any other Section 162(m) Executive. Decisions of the Compensation Committee will be final.

Eligibility

All Section 162(m) Executives will be participants in the Plan unless the Compensation Committee, for any fiscal year, determines otherwise. In addition, the Compensation Committee may designate other associates as eligible to participate in the Plan.

Plan Awards

The Compensation Committee is authorized to establish performance goals with respect to each performance period. Performance goals for a performance period and amounts payable on the extent to which the goals are achieved or exceeded (and interpolation guidelines for calculating amounts payable, if any) will be established by the Compensation Committee in writing either prior to or within specified times following commencement of a performance period. A performance period will be each Spring and Fall selling season, the fiscal year of the Company, or any other period of time (not less than one calendar quarter or more than five years), as determined by the Compensation Committee.

Performance goals will be based on specified levels of or changes in any one or more of the following criteria, which may be expressed with respect to the Company or one or more of our operating units or groups: the price of our Common Stock or the common stock of any affiliate; stockholder return; return on equity; return on investment; return on capital; sales productivity; comparable store sales growth; economic profit; economic value added; net income; operating income; gross margin; sales; free cash flow; earnings per share; operating Company contribution; and market share. Performance goals will include a minimum performance standard (performance below which will result in no payment of incentive compensation under the Plan), and a maximum performance standard (performance in excess of which will not increase payable incentive compensation). Performance goals may be based on an analysis of historical performance and growth expectations for the business, financial results of other comparable businesses, and progress toward achieving the strategic plan for the business. The Compensation Committee may adjust performance goals for items specified in the Plan (see Exhibit B), but only if such an adjustment would not cause a payment of incentive compensation to fail to qualify as performance-based compensation under Code Section 162(m).

Annual incentive compensation targets shall be established for participants ranging from 0% to 300% of each participant's base salary. The terms of the objective formula or standard setting such targets must prevent any discretion from being exercised by the Compensation Committee to later increase the amount otherwise payable to any Section 162(m) Executive, but may allow discretion to decrease the amount payable. Participants may earn their target incentive compensation if the business achieves the pre-established performance goals. The target incentive compensation percentage for each participant will be based on the level and functional responsibility of the participant's position, size of the business for which the participant is responsible and competitive practices. The amount of incentive compensation paid to participants may range from zero to double their targets, based upon the extent to which performance goals are achieved or exceeded.

Payment of Incentive Compensation

The selection of participants to whom incentive compensation may be paid and the amount of the incentive compensation actually paid to a participant for a performance period will be determined by the Compensation Committee, in its sole discretion, including zero. The aggregate actual amount of all incentive compensation awards payable under the Plan to any participant in any fiscal year of the Company may not exceed $15 million. Incentive compensation will be paid in cash at such times and on such terms as are determined by the Compensation Committee, but not later than sixty (60) days following the end of the applicable performance period. To the extent determined by the Compensation Committee, annual incentive compensation may be paid in shares of our Common Stock under our then effective equity incentive plan, or may be deferred under our Supplemental Retirement Plan, subject to the terms and conditions of such plans.

Clawback of Incentive Compensation

The Compensation Committee may clawback outstanding awards under the Plan or compensation paid out under the Plan if (1) required by applicable law or (2) (i) a participant engaged in fraudulent conduct or activities relating to the Company, (ii) a participant has knowledge of such conduct or activities, or (iii) a participant, based upon the participant's position, duties or responsibilities, should have had knowledge of such conduct or activities.

Adoption, Amendment and Termination

Subject to the approval of the Plan by our stockholders, the Plan will be effective for payments made with respect to performance periods that commence during our 2011 fiscal year and thereafter, and will continue in effect until terminated as provided below.

Our Board may at any time suspend or terminate the Plan and may amend it from time to time in such respects as the Board may deem advisable, subject, with respect to any Section 162(m) Executive, to any requirement for stockholder approval imposed by applicable law. No amendment, suspension or termination of the Plan may, without the consent of the person affected thereby, materially adversely alter or impair any rights or obligations under any incentive compensation previously awarded under the Plan, except to the extent required by applicable law or stock exchange rules.

Performance awards have been granted under the Plan in respect of our 2011 fiscal year Spring selling season, subject to stockholder approval. If the Plan is not approved, the conditional awards will be canceled, no further awards will be made under the Plan, and the Compensation Committee will consider other alternatives.

Assuming (i) that the Plan is approved by stockholders and (ii) that target performance for our 2011 fiscal year Spring selling season is attained, the table below summarizes the resulting amounts that would be payable pursuant to the conditional awards granted under the Plan in respect of our Spring selling season of our 2011 fiscal year. No awards have been made in respect of our 2011 fiscal year Fall selling season.

Name and Position	Spring Selling Season Dollar Value Payable at Target ($)
Leslie H. Wexner, Chairman of the Board, CEO	$1,423,760
Sharen J. Turney, Executive Vice President, CEO/President, Victoria's Secret	884,000
Martyn R. Redgrave, Executive Vice President, Chief Administrative Officer	582,400
Diane L. Neal, Executive Vice President, CEO, Bath & Body Works	535,600
Stuart B. Burgdoerfer, Executive Vice President, Chief Financial Officer	360,000
All Executive Officers as a Group	4,010,760
All Current Directors Who are Not Executive Officers as a Group	0
Associates Other than Executive Officers as a Group	5,441,752

The Board of Directors Recommends A Vote FOR Approval of the Plan.

PROPOSAL 5: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires us to provide an advisory stockholder vote to approve the compensation of the Company's named executive officers, as such compensation is disclosed pursuant to the disclosure rules of the Securities and Exchange Commission. Accordingly, the Company is providing its shareholders with the opportunity to cast an advisory vote on the fiscal 2010 compensation of our named executive officers as disclosed in this proxy statement, including the Compensation Discussion and Analysis, the compensation tables and other narrative executive compensation disclosures.

Stockholders are being asked to vote on the following resolution:

"RESOLVED, that the stockholders approve the compensation of the Company's executive officers named in the Summary Compensation Table, as disclosed pursuant to Item 402 of Regulation S-K (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and other narrative executive compensation disclosures)."

In fiscal 2010, the Company performed strongly despite continued economic challenges, which allowed us to provide significant returns to our stockholders. We believe in paying for performance and that our performance-based compensation policies incentivized superior performance, which contributed to the Company's success. Please refer to the section entitled "Compensation-Related Matters" of this proxy statement for a detailed discussion of the Company's executive compensation principles and practices and the fiscal 2010 compensation of our named executive officers. Highlights of our compensation principles and practices include the following:

We encourage ownership of our Common Stock and have instituted stock ownership guidelines for our named executive officers.

We pay competitively and annually compare our pay practices with those of other leading retail organizations.

We pay for performance through short-term performance-based cash incentive compensation and long-term equity-based compensation. In fiscal 2010, short-term incentive payments exceeded the target level due to superior performance.

We pay equitably and consider the depth and scope of accountability, complexity of responsibility and performance when making compensation decisions.

This vote is not intended to address any specific item of compensation, but rather the overall compensation principles and practices and the fiscal 2010 compensation of the Company's named executive officers.

Although, as an advisory vote, this proposal is not binding upon the Company or the Board, the Compensation Committee, which is comprised solely of independent directors and is responsible for making decisions regarding the amount and form of compensation paid to the Company's executive officers, will carefully consider the shareholder vote on this matter, along with all other expressions of shareholder views it receives on specific policies and desirable actions.

To help ensure that all shareholder views are well understood by the Board, the Company also encourages stockholders to use any of a number of direct communication mechanisms to effectively raise specific issues or concerns with regard to our executive compensation principles and practices.

The Board Recommends a Vote FOR this Proposal.

PROPOSAL 6: ADVISORY VOTE TO DETERMINE THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires us to provide an advisory stockholder vote with respect to how often to present the advisory stockholder vote to approve the compensation of the Company's named executive officers (the "**say-on-pay vote**"). We must solicit your advisory vote on whether to have the say-on-pay vote every 1, 2 or 3 years.

Accordingly, the Company is providing its stockholders with the opportunity to cast an advisory vote as to the appropriate frequency for the say-on-pay vote. Stockholders may vote as to whether the say-on-pay vote should occur every 1, 2 or 3 years, or may abstain from voting on the matter.

The Company values the opinion of its stockholders and believes that an annual say-on-pay vote will best reinforce the Company's desire to communicate with its stockholders. An annual say-on-pay vote will allow the Company's stockholders to regularly express a view on the Company's compensation policies and practices.

Although, as an advisory vote, this proposal is not binding upon the Company or the Board, the Compensation Committee, which is comprised solely of independent directors and is responsible for making decisions regarding the amount and form of compensation paid to the Company's executive officers, or the Nominating & Governance Committee, which is comprised solely of independent directors and is responsible for periodically reviewing the Company's corporate governance principles, will each carefully consider the shareholder vote on this matter, along with all other expressions of shareholder views received on this matter.

The Board Recommends a Vote of "1 Year" for the Frequency of Future Advisory Say-On-Pay Votes.

PROPOSAL 7: STOCKHOLDER PROPOSAL

John Chevedden, 2215 Nelson Ave., No. 205, Redondo Beach, CA 90278, owner of 240 shares of the Company's Common Stock, has notified the Company that he intends to submit the following proposal at this year's meeting:

Adopt Simple Majority Vote

RESOLVED, Shareholders request that our board take the steps necessary so that each shareholder voting requirement impacting our company, that calls for a greater than simple majority vote (including our 75% hurdles), be changed to a majority of the votes cast for and against the proposal in compliance with applicable laws.

Supporting Statement of John Chevedden

Corporate governance procedures and practices, and the level of accountability they impose, are closely related to financial performance. Shareowners are willing to pay a premium for shares of corporations that have excellent corporate governance. Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related with company performance. See "What Matters in Corporate Governance?" Lucien Bebchuk, Alma Cohen & Allen Ferrell, Harvard Law School, Discussion Paper No. 491 (09/2004, revised 03/2005).

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included William Steiner, James McRitchie and Ray T. Chevedden.

If our Company were to remove required supermajority, it would be a strong statement that our Company is committed to good corporate governance and its long-term financial performance.

The merit of this Simple Majority Vote proposal should also be considered in the context of the need for additional improvement in our company's 2010 reported corporate governance status:

The Corporate Library www.thecorporatelibrary.com, an independent investment research firm rated our company "D" with "High Governance Risk," "High Concern" in Board Composition and "Very High Concern" in Executive Pay. The $10 million for CEO Leslie Wexner was among the highest for CEO's of retail apparel companies. There was a lack of performance-based incentives tied to actual long-term performance. These facts suggest that executive pay practices were not aligned with the long-term interest of shareholders.

Five directors were age 71 to 77. Four directors had 23 to 47 years of long-tenure, including Founder, Chair, and CEO Leslie Wexner (47-years). Abigail Wexner, age 48 and the founder's wife, was on the board for 13 years. Long-tenure raised concerns about director entrenchment.

Three directors, age 72 to age 77, had no other current major corporate directorship experience. This could indicate a significant lack of current transferable director experience. Donna James, Raymond Zimmerman and Jeffrey Miro attracted our highest negative votes (18%) and were still allowed 5 seats on our most important board committees.

With no Lead Director we also had no shareholder right to proxy access, no cumulative voting, no right to call a special shareholder meeting, no shareholder written consent and no right to vote on each director annually.

Please encourage our board to respond positively to this proposal to initiate improved governance: **Adopt Simple Majority Vote—Yes on 7.**

Our Response—Statement in Opposition to the Stockholder Proposal

The Board has carefully considered the above proposal and believes that it is not in the best interests of our stockholders. Consequently, the Board recommends a vote AGAINST the proposal.

Voting Requirements. Under the Company's existing governance documents, a simple majority vote requirement already applies to most matters submitted for stockholder approval. The Board believes that supermajority votes are appropriate and necessary with respect to a small number of fundamental matters of corporate structure and governance. These matters include: (i) approval of certain business combinations with an individual, entity or group that collectively owns 20% or more of the Company's voting securities; (ii) approval of certain fundamental transactions, including mergers, a sale of substantially all of the Company's assets or dissolution of the Company; (iii) removal of a director for cause; (iv) an alteration, amendment or repeal of the bylaws or any amendment to the certificate of incorporation that contravenes any existing bylaw; and (v) an amendment to certain provisions in the Company's certificate of incorporation.

Broad Consensus of All Stockholders. Delaware law permits supermajority voting requirements, and a number of publicly traded companies have adopted these provisions to preserve and maximize long-term value for all stockholders. The Board strongly believes that extraordinary transactions and fundamental changes to corporate governance should have the support of a broad consensus of the Company's stockholders rather than just a simple majority. The Board also believes that the supermajority vote requirements protect stockholders, particularly minority stockholders, against the potentially self-interested actions of short-term investors. Without these provisions, it would be possible for a group of short-term stockholders to approve an extraordinary transaction that is not in the best interests of the Company and is opposed by nearly half of the Company's stockholders.

Fiduciary Duty. The Board is subject to fiduciary duties under the law to act in a manner that it believes to be in the best interests of the Company and its stockholders. Stockholders, on the other hand, do not have the same fiduciary duties as the Directors. As a result, a group of short-term stockholders may act in their own self-interest to the detriment of other stockholders. Accordingly, our supermajority voting standards are necessary to safeguard the long-term interests of the Company and its stockholders.

Protection Against Certain Takeovers. Our supermajority voting provisions further protect the Company's stockholders by encouraging persons or firms making unsolicited takeover proposals to negotiate directly with the Board. Seven of the Company's ten Board members are independent under the standards adopted by the New York Stock Exchange. The Company believes that its independent Board is in the best position to evaluate proposed offers, to consider alternatives, to protect stockholders against abusive tactics during a takeover process and, as appropriate, to negotiate the best possible return for all stockholders. Elimination of these supermajority provisions would make it more difficult for the Company's independent, stockholder-elected Board to preserve and maximize value for all stockholders in the event of an unsolicited takeover bid by decreasing the acquirer's incentive to negotiate with the Board and reducing the Board's leverage in these negotiations.

Corporate Governance Practices. The Company's Nominating & Governance Committee regularly considers and evaluates corporate governance developments and recommends appropriate changes to the Board. As discussed in this proxy statement, the Board operates under corporate governance principles and practices that are designed to maximize long-term stockholder value, align the interests of the Board and management with those of our stockholders, and promote high ethical conduct among our Directors and employees. The Company's governance policies and practices fully comply with all corporate governance standards of the NYSE and the Commission. The Board believes that implementation of this proposal would adversely impact the Company's carefully considered corporate governance practices and, therefore, is not in the best interests of the Company and its stockholders.

The Proponent's False Claims. To bolster his argument that the Company's corporate governance structure is inadequate, the proponent states that the Company has no lead director. This statement is simply untrue. As clearly disclosed in the proxy statement, Allan R. Tessler, the Chairperson of the Nominating & Governance Committee, serves as the Company's lead independent director. The proponent also makes objectively false claims about Mr. Wexner's compensation. The Board urges stockholders not to be misled by the proponent's blatant misrepresentations when considering the proposal.

Effect of Proposal. It is important to note that stockholder approval of this proposal would not in itself remove the supermajority vote standards. Under the law of Delaware, the Company's state of incorporation, the Board must first authorize an amendment to the Company's certificate of incorporation that would be submitted to stockholders at a subsequent meeting. To implement the proposal, stockholders would have to approve the amendment by an affirmative vote of not less than 75% of the outstanding shares entitled to vote.

Board Recommendation. After careful consideration, the Board has determined that retention of our few supermajority voting requirements remains in the long-term best interests of the Company and its stockholders. The Board believes that the substantial benefits of these voting requirements do not come at the expense of prudent corporate governance. To the contrary, the voting requirements are designed to protect the interests of all stockholders. Moreover, the strong financial performance of the Company, and the various corporate governance measures already implemented by the Board, confirm the Board's commitment to ensuring that the Company is governed in a manner that furthers the interests of all of its stockholders.

The Board Recommends a Vote AGAINST The Stockholder Proposal.

COMPENSATION-RELATED MATTERS

Compensation Discussion and Analysis

Executive Summary

The Limited Brands' executive compensation program is designed to ensure that the interests of our executive officers are closely aligned with those of our stockholders. We believe that our program is effective in allowing us to attract, motivate and retain highly qualified senior talent who can successfully deliver outstanding business performance.

We target total compensation for our executive officers between the 50th and 75th percentile of the competitive market and believe that this practice allows us to attract and retain highly skilled executive officers and to provide rewards that are competitive based on the market value for skills needed to manage our complex and increasingly diverse business. In addition, we believe that this practice is appropriate in light of the high level of commitment, job demands and the expected performance contribution required from each of our executive officers in our extremely competitive marketplace.

In fiscal 2010, the Company's net sales were $9.613 billion, an increase of 11% compared to net sales in fiscal 2009. Fiscal 2010 net income was $805 million, which was an increase of 80% compared to net income for fiscal 2009. In fiscal 2010, earnings per diluted share were $2.42 per share, an increase of 77% compared to earnings per diluted share in fiscal 2009.*

We had consistent growth in profitability during fiscal 2010 which allowed us to generate significant free cash flow. This cash flow has allowed us to provide significant returns to our stockholders during fiscal 2010 with the payment of two special dividends totaling $1.2 billion or $4.00 per share in addition to a 52% increase in our stock price from $19.02 on January 29, 2010 to $28.92 on January 28, 2011.

During 2010, recognizing the successful performance of the 2009 and 2010 fiscal years in the context of continued economic challenges and with the goal of incentivizing continued superior performance, the Compensation Committee of the Board took the following actions:

- Did not award salary increases to four of the five executive officers named in our 2010 Summary Compensation Table. Ms. Neal received a base salary increase of 7.9% in recognition of her contributions to the significant improvement in the financial performance of the Bath & Body Works brand which included operating income growth of 67% in fiscal 2009.
- Increased short-term performance-based incentive compensation target percentages of base salary for each of the named executive officers.
- Based on above target performance, paid short-term performance-based compensation above target for each season.

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* In fiscal 2010, net income included the following items:

- a $ 52 million pre-tax 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.

(The corresponding results determined in accordance with generally accepted accounting principles are included in Item 8 of the Financial Statements and Supplementary Data of Limited Brands' 2010 Annual Report on Form 10-K which is being sent with this proxy statement).

- Based on record-setting financial performance along with the progress toward the achievement of the Company's strategic business plan and other objectives, in January 2011, the Compensation Committee awarded Mr. Wexner stock options and performance-based restricted stock units with a value of $8.8 million. Additional information about this award is described below under the heading "CEO Compensation."

We believe that the increased emphasis on short-term performance-based incentive compensation contributed to strong financial results in fiscal 2010.

The following Compensation Discussion and Analysis outlines additional details regarding our executive compensation program and policies. The Compensation Committee has provided oversight to the design and administration of our program and policies, participated in the preparation of the Compensation Discussion and Analysis and recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Executive Compensation Philosophy

The Compensation Committee believes that executive compensation programs should be built on a philosophy reflected in clearly articulated guiding principles. We have designed our executive compensation programs with the following guiding principles in mind:

To Pay for Performance

We believe in paying for results. Accordingly, the primary goal of the compensation program is to link total executive compensation to performance that enhances stockholder value. Our executives are compensated based on a combination of total Company, brand and individual performance factors.

Total Company and brand performance are evaluated primarily based on the degree by which pre-established financial targets are met. In fiscal 2010, this philosophy resulted in short-term incentive payments that exceeded the targeted level due to superior performance.

Individual performance is evaluated based upon several leadership factors, including:

- Building brand identity;
- Attaining specific merchandise and financial objectives;
- Building and developing a strong leadership team;
- Developing an effective infrastructure to support future business growth and profitability; and
- Commitment to living the values of Limited Brands.

To Pay Competitively

We are committed to providing a total compensation program designed to attract superior leaders to the Company and to retain performers of the highest caliber. To achieve this goal, we annually compare our pay practices and overall pay levels with other leading retail organizations as well as, where appropriate, with non-retail organizations when establishing our pay guidelines.

To Pay Equitably

We believe that it is important to apply generally consistent guidelines for all executive officer compensation programs. In order to deliver equitable pay levels, the Compensation Committee considers depth and scope of accountability, complexity of responsibility, and executive officer performance, both individually and collectively as a team.

To Encourage Ownership of Company Common Stock

We design compensation policies and practices to encourage ownership of Common Stock. The Compensation Committee previously instituted stock ownership guidelines for our executive officers. The guidelines, described in more detail under heading "Stock Ownership Guidelines" below, set a minimum level of ownership value according to the position and responsibility ranging from three to five times an executive's annual base salary.

According to these principles, we generally have structured our total compensation for executive officers such that a smaller proportion is fixed compensation and a larger proportion is performance-contingent, based on brand and/or total Company operating income and Common Stock performance.

Executive Compensation Practices

The principal elements of our executive compensation programs are base salary, short-term performance-based cash incentive compensation and long-term equity-based incentive compensation. The Compensation Committee continually reviews our executive compensation programs to ensure they best reflect our compensation philosophy. The programs are reviewed in relation to market practice considering the scope of each executive's role and such executive's performance.

Market practice consideration consists of a comparison of the target and actual compensation for each of our named executive officers to publicly available data on base salary, bonus and long-term incentive compensation for executives from a peer group consisting of 20 specialty and department store retail organizations. This data and comparison are used to benchmark the appropriateness and competitiveness of our executive compensation programs.

In 2010, with the assistance of Towers Watson, this peer group was updated to replace Tween Brands (due to its acquisition) and Bed Bath & Beyond with Aeropostale and Starbucks. These changes do not have a material impact on our relative ranking within the peer group in terms of revenue, income or market capitalization. Our peer group companies were chosen because of their general similarity to Limited Brands in total revenue, business and merchandise focus, geographic location and/or their competition with the Company for executive talent. For fiscal 2010, the complete list of companies in our peer group is as follows:

Abercrombie & Fitch	*DSW*	*Nordstrom*
Aeropostale	*Estee Lauder*	*Polo Ralph Lauren*
American Eagle Outfitters	*Gap*	*Starbucks*
Ann Taylor	*JCPenney*	*Target*
Avon	*Kohl's*	*TJX Companies*
Liz Claiborne	*Macy's*	*Williams-Sonoma*
Coach	*Nike*	

Our peer group includes a subset of companies in the S&P 500 Retail Composite Index represented in the Comparison of Cumulative 5-Year Total Return graph included in our Annual Report on Form 10-K for the 2010 fiscal year.

At the Compensation Committee's request, Towers Watson analyzed (i) our long-term equity compensation program and its relationship to our performance over the three-year period ending in fiscal 2009 and (ii) our short-term cash incentive compensation program and its relationship to our 2009 fiscal year performance. Our compensation levels and performance over the relevant time period was compared on a relative basis to that of our peer group described above. Based on this analysis, the Compensation Committee believes that the short-term and long-term compensation realized by our named executive officers is aligned with performance and is reasonable based on the competitive market, achievement of performance goals and total returns delivered to our stockholders.

For fiscal 2010, our named executive officers' total direct compensation at target, including base salary, short-term performance-based incentive compensation and equity-based incentives, was strategically positioned above the median when compared to our peer group. Actual performance results for fiscal 2010 were above targeted levels and as a result, actual compensation was above targeted levels.

Although there is no formal policy for a specific allocation between short- and long-term, fixed and at-risk, or between cash and non-cash compensation, the Compensation Committee seeks a pay mix that places greater emphasis on performance-based and equity compensation. This pay mix is designed to generally reflect market practice, the needs of our workforce and to provide executive officers with attractive levels of current pay while encouraging officers to remain with our Company for the long-term. In addition, we believe the structure of our pay mix appropriately motivates our executives without encouraging unnecessary risk-taking.

The Compensation Committee reviewed all of the components of the named executive officers' compensation for the years 2008, 2009 and 2010, including salary, short-term incentive compensation, realized and unrealized gains on stock options and restricted stock units, the cost to the Company of all perquisites, payout obligations under the Company's non-qualified deferred compensation plan and supplemental executive retirement plan and potential payouts under several potential severance and change-in-control scenarios. Tally sheets including all of the above components were reviewed by the Compensation Committee to determine the reasonableness of the compensation of the named executive officers. The Compensation Committee concluded that compensation levels are reasonable and in the best interests of Limited Brands and its stockholders. The Compensation Committee will continue to review tally sheets at least annually.

We would seek to recover, under the relevant provisions of the Sarbanes-Oxley Act, previously awarded bonuses or equity-based compensation or profits in the event of a restatement of financial or other performance results.

Base Salary

The Compensation Committee annually reviews and approves the base salary of each named executive officer. In determining base salary adjustments, the Compensation Committee considers the size and responsibility of the officer's position, total Company and brand performance, the officer's overall performance and future potential and the level of overall compensation paid by competitors for comparable positions. Individual performance is measured against the following factors: seasonal and annual business goals; brand strategy execution and business growth goals; recruitment and development of leadership talent; and commitment to living the values of Limited Brands. These factors are considered subjectively in the aggregate, and none of these factors are assigned a formula weight.

In response to continued economic challenges and consistent with the Compensation Committee's emphasis on compensation that is performance-based, for the second straight year no change was made to the base salaries for four of the five named executive officers in fiscal 2010. Accordingly, these four named executive officers have not received a base salary increase since 2008. Ms. Neal received a base salary increase of 7.9% in recognition of her contributions to the significant improvement in the financial performance of the Bath & Body Works brand which included operating income growth of 67% in 2009.

	2009 Base Salary ($)	2010 Base Salary ($)	% Increase
Mr. Wexner	$1,924,000	$1,924,000	0.0%
Ms. Turney	1,250,000	1,250,000	0.0%
Mr. Redgrave	1,040,000	1,040,000	0.0%
Ms. Neal	927,000	1,000,000	7.9%
Mr. Burgdoerfer	725,000	725,000	0.0%

Short-Term Performance-Based Incentive Compensation.

Our short-term performance-based incentive compensation program for executive officers provides for incentive payments for each six-month operating season, reflecting the seasonal nature of our business. These incentive payments are based on the attainment of pre-established objective financial goals and are intended to motivate executives to work effectively to achieve financial performance objectives and reward them when objectives are met and results are certified by the Compensation Committee. These incentive payments are paid in cash, unless the executive elects to receive a portion in Common Stock as discussed below.

The target short-term performance-based incentive compensation opportunity for each eligible executive is set at a percentage of base salary. For fiscal 2010, the Compensation Committee approved an increase in the short-term performance-based incentive compensation target percentages for each of the named executive officers:

Mr. Wexner	Increase from 160% of base salary to 175%
Ms. Turney	Increase from 150% of base salary to 160%
Mr. Redgrave	Increase from 130% of base salary to 135%
Ms. Neal	Increase from 110% of base salary to 120%
Mr. Burgdoerfer	Increase from 100% of base salary to 110%

The Compensation Committee approved these changes to provide increased motivation for the achievement of the Company's financial goals and to offset the impact of three years at the same base salary.

The amount of short-term performance-based incentive compensation earned by participating executives can range from zero to double their incentive target, based upon the extent to which the pre-established financial goals are achieved or exceeded. The threshold, target and maximum short-term performance-based non-equity incentive payout opportunities of our named executive officers for fiscal 2010 are set forth below and in the Grants of Plan-Based Awards for Fiscal 2010 table below. Actual payouts under this plan for fiscal 2010 are set forth below and in the "Non-Equity Incentive Plan Compensation" column of the 2010 Summary Compensation Table below.

Executive Officer	Minimum ($)	Threshold ($)	Target($)	Maximum ($)	Actual ($)
Mr. Wexner	$0	$673,400	$3,367,000	$6,734,000	$6,302,351
Ms. Turney	0	400,000	2,000,000	4,000,000	3,998,400
Mr. Redgrave	0	280,800	1,404,000	2,808,000	2,628,007
Ms. Neal	0	240,000	1,200,000	2,400,000	1,981,920
Mr. Burgdoerfer	0	159,500	797,500	1,595,000	1,492,761

The pre-established objective financial targets under this program for fiscal 2010 were based on operating income, subject to adjustments for extraordinary items as approved by the Compensation Committee. Operating income is used because it measures performance over which executives can have significant impact. Operating income is also directly linked to the Company's long-range growth plan and to performance that drives stockholder value. For executives that are dedicated to a single brand, their targets are based solely on their brand's operating income. For executives that have enterprise-wide responsibility, their targets are based 80% on a weighted average of the percentage achievement of major brand operating income targets and 20% on total Company operating income.

The following table shows each named executive officer's incentive compensation target percentage of base salary and the operating income performance incentive targets and weighting used to determine the incentive payment:

Executive Officer	Target % of Base Salary	Short-Term Performance Incentive Target Weighting and Metric
Mr. Wexner	175%	53% Victoria's Secret operating income target, 20% Bath & Body Works operating income target, 7% LaSenza and Mast operating income targets and 20% total Limited Brands operating income target
Mr. Redgrave	135%	
Mr. Burgdoerfer . . .	110%	
Ms. Turney	160%	100% Victoria's Secret operating income target
Ms. Neal	120%	100% Bath & Body Works operating income target

We set operating income targets at the beginning of each six-month season based on an analysis of historical performance, income expectations for that brand, financial results of other comparable businesses and progress toward achieving our strategic plan.

In fiscal 2010, the Compensation Committee set targets that reflected the uncertain economic environment and provided incentive to maximize sales and manage expenses. The seasonal operating income targets for Spring and Fall, respectively (by brand), for each of Messrs. Wexner, Burgdoerfer and Redgrave were: Victoria's Secret, $261 million, $435 million; Bath & Body Works, $79 million, $334 million; LaSenza and Mast, $55 million, $84 million; and total Limited Brands (including our remaining smaller brands and corporate expenses), $271 million, $732 million. The operating income targets for Ms. Turney are based solely on Victoria's Secret and for Ms. Neal are based solely on Bath & Body Works.

These targets represented significant growth in operating income over fiscal 2009, and Fall season targets were set at a level which, if achieved, would represent record-setting seasonal operating income for the brands. The targets were designed to reflect stretch performance that was achievable based on operating plans and to encourage our executive officers not to take unnecessary or excessive risks.

We believe that the incentives under our short-term performance-based incentive compensation program contributed to executive officer performance that delivered operating income growth, significant improvement in merchandise margin rates, reduction in expenses and an increase in operating cash flow during fiscal 2010.

We do not believe that disclosure of our 2011 performance targets is relevant to an understanding of compensation for our 2010 fiscal year.

To encourage stock ownership and to foster executive retention, executives who elect to receive up to 25% of their short-term performance-based incentive compensation in the form of Common Stock will also receive a matching restricted stock unit grant of 25% of the amount the executive elected to receive in Common Stock, which will cliff vest in full at the end of three years, subject to continued employment.

Equity-Based Incentive Programs

The Compensation Committee believes that long-term equity-based compensation encourages performance that enhances stockholder value by ensuring that our executive officers realize similar gains and losses as our stockholders. We believe that the vesting requirement of our long-term equity compensation increases the likelihood that we will be able to retain top performers. Our equity-based incentive program can include stock options, performance-based restricted stock units and time-vested restricted stock units. Executives are awarded equity as part of our annual merit review process based on general guidelines which include the Company's performance, the individual's performance and responsibility level, competitive practice and the market price of our Common Stock. In fiscal 2010, based on an evaluation of named executive officer and Company performance in fiscal 2009, stock options and restricted stock units were awarded to the named executive officers and are detailed below in the Grants of Plan-Based Awards for Fiscal 2010 table.

Equity awards are dated effective the later of the date of approval or the effective date for grants in connection with hirings, promotions, etc.

In connection with the payment to stockholders of the extraordinary cash dividends on April 19, 2010 and December 21, 2010, the Committee equitably adjusted (i) the number of shares available for grant under the 1993 Plan as well as (ii) outstanding awards under the 1993 Plan (which, in the case of options, included adjustments to both the number of shares of Common Stock covered by the option as well as the exercise price), in each case pursuant to the terms of the 1993 Plan.

Stock Options

Stock options generally comprise 25% of the value of the executive's annual equity-based long-term incentive opportunity award. Stock options are awarded to align executive interests with stockholder interests by creating a direct link between compensation and stockholder return and to help retain executives. In fiscal 2010, stock options were awarded to our named executive officers in the amounts set forth below in the Grants of Plan-Based Awards for Fiscal 2010 table. Unless noted otherwise, options granted to each named executive officer vest, subject to continued employment, in three equal installments beginning on the first anniversary of the grant date. The exercise price for these options is equal to the closing price of the underlying Common Stock on the grant date.

Restricted Stock Units

Restricted stock units, generally comprise 75% of the value of executives' annual equity-based long-term incentive opportunity award. Restricted stock units are awarded to encourage ownership of Common Stock, retain superior executive talent and reward exceptional executive performance.

Restricted stock units granted to our executive officers are subject to a performance metric, specifically operating income. The operating income performance target required for our named executive officers to earn their performance-based restricted stock units was achievement of $100 million of operating income for the 2010 fiscal year. This performance hurdle is intended to satisfy the requirements for tax deductibility under Code Section 162(m). In order to ensure the retentive value of the program, if the performance metric is achieved, the restricted stock units generally cliff vest on the third anniversary of the grant date, subject to continued employment.

As noted above, time-vested restricted stock units are awarded to executives as a match on his or her election to receive a portion of his or her short-term performance-based incentive compensation in stock, rather than cash, and as deemed appropriate by the Compensation Committee.

The Compensation Committee awarded our named executive officers restricted stock units in fiscal 2010 in the amounts set forth below in the Grants of Plan-Based Awards for Fiscal 2010 table. Since the performance metric (as described above) was achieved in fiscal 2010, these awards vest 100% on the third anniversary of the grant date, subject to continued employment.

Individual Equity Award Determinations

In determining the size of each named executive officer's equity award, the Compensation Committee considered individual performance, each officer's contribution to the success of the 2009 fiscal year while taking into account the Company's overall budget for equity compensation expense and stockholder dilution.

Retirement Plan Benefits

The Compensation Committee believes that, in addition to short- and long-term compensation, it is important to provide our executive officers with competitive post-employment compensation. Post-employment compensation consists of two main types—qualified and non-qualified defined contribution retirement plan benefits and termination benefits. The Compensation Committee believes that retirement plan benefits and termination benefits are important components in a well-structured executive officer compensation package, and the Compensation Committee also seeks to ensure that the combined package is competitive at the time the package is negotiated with each executive officer.

The Company does not sponsor a defined benefit retirement plan as we do not believe that such a plan best serves the needs of our associates or the business. The Company sponsors a tax-qualified defined contribution retirement plan and a non-qualified supplemental retirement plan. Participation in the qualified plan is available to associates who meet certain age and service requirements. Participation in the non-qualified plan is made available to associates who meet certain age, service, job level and compensation requirements. Our named executive officers participate in both plans.

The qualified plan permits participating associates to elect contributions up to the maximum limits allowable under the Code. The Company matches associates' contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associates' contributions and Company matching contributions to the qualified plan vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service.

The non-qualified plan is an unfunded plan which provides benefits beyond the 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 associates' 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 annually based on factors which include an evaluation of the 10-year and 30-year borrowing rates available to the Company and the long-term Applicable Federal Rate published by the Internal Revenue Service. We believe that borrowing rates are an important consideration in determining the rate because unfunded associate contributions to the plan have a positive impact on Company cash flow, thus reducing the borrowing needs of the Company. The application of a long-term borrowing rate formula generally results in a rate that is considered "above market" as defined by SEC guidelines.

Associates' contributions to the non-qualified plan and the related interest vest immediately. Company contributions and credits to the non-qualified plan and the related interest are subject to vesting based on years of service. Associates generally may elect in-service distributions for the unmatched 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 equal annual installments over a specified period of up to 10 years.

Additional tabular disclosure of certain termination benefits is set forth below under the heading "Retirement and Other Post-Employment Benefits."

Perquisites

We provide our executive officers with perquisites that the Compensation Committee believes are reasonable and in the best interests of the Company and its stockholders. We provide our executive officers reimbursement of financial planning costs of up to $15,000. For fiscal 2010, we also provided reimbursement of up to $10,000 of eligible medical costs not covered under the Company's standard health benefit package. This benefit has been discontinued in fiscal 2011. Ms. Turney has a life insurance policy with premiums that are paid by the Company. We also provide for tax equalization payments on certain taxable income in order to maximize the benefit provided by such items. The value of these benefits, to the extent utilized by our named executive officers, is disclosed below in footnote (6) to the 2010 Summary Compensation Table.

The Board of Directors has approved a security program (the "**Security Program**") that provides security services to Mr. Wexner and his family. We require these security measures for the benefit of the Company and believe these security costs are appropriate given the risks associated with Mr. Wexner's role and position. We periodically hire a third party to review our Security Program to verify that a bona fide business oriented security concern exists and that the Security Program costs are reasonable and consistent with these concerns. The Security Program requires Mr. Wexner to use corporate provided aircraft, or private aircraft that is in compliance with the Security Program, whether the purpose of the travel is business or personal.

The cost of security services which are not business related have been reimbursed to the Company by Mr. Wexner. In addition, to the extent that corporate provided aircraft is used by Mr. Wexner or any executive officer for personal purposes, he or she has reimbursed the Company based on the greater of the amount established by the IRS as reasonable for personal use or the aggregate incremental cost associated with the personal use of the corporate owned aircraft as determined by an independent, third party aircraft costing service.

Severance Agreements and Change in Control Agreements

The Compensation Committee believes that severance and change in control arrangements have unique characteristics and value. For example, severance agreements provide protection for prospective executives who may forego significant bonuses and equity awards at the companies they are leaving or who face relocation expenses and family disruption. Generally, executives are not willing to accept such risks and costs without protection in the event their employment is terminated due to unanticipated changes, including a change in control. Additionally, executives often look to severance agreements to provide protection for lost professional opportunities in the event of a change in control and consequently assign significant value to them.

The Compensation Committee believes that severance arrangements protect stockholder interests by retaining management should periods of uncertainty arise. Because our severance arrangements are structured to serve the above purposes and because severance agreements represent a contractual obligation of our Company, decisions relating to other elements of compensation have minimal effect on decisions relating to existing severance agreements.

Due to his unique role as the founder of the Company, Mr. Wexner is not covered by a severance or change in control agreement. However, under the terms of our 1993 Plan, in the event of a change in control or death, all of Mr. Wexner's unvested stock options and restricted stock units, will become vested. Also under the 1993 Plan, upon retirement, Mr. Wexner's restricted stock units will vest pro-rata based on the fraction of whole months he worked from the grant date over the full vesting period (*i.e.*, one-third will vest if twelve full months are completed from the grant date for a grant that otherwise would vest 100% three years from the grant date).

We have entered into severance and change in control agreements with all of our named executive officers other than Mr. Wexner as noted above. The benefits payable under these arrangements in certain circumstances are disclosed below under the heading "Estimated Post-Employment Payments and Benefits." These agreements generally provide that, if we fail to extend the executive's agreement or terminate the executive's employment without cause, or if the executive terminates his or her employment for good reason, the executive will continue to receive his or her base salary for one year after the termination date. If the executive agrees to execute a general release of claims against the Company, the executive will also be entitled to receive an additional year of salary continuation and the amount of incentive compensation that the executive would have otherwise received during the first year after termination.

In connection with a change in control of Limited Brands, in the event that the executive's employment is terminated either by us without cause or by the executive for good reason, subject to the executive's execution of a general release of claims against us, the executive would be entitled to a severance benefit equal to two times the executive's base salary, plus an amount equal to the sum of the executive's four previous semi-annual payouts under our short-term performance-based incentive compensation plan, together with a pro-rata amount for the short-term incentive compensation performance period in which the executive's employment terminated. In addition, any unvested stock awards would become vested. In the event any "parachute" excise tax is imposed on Ms. Turney or Mr. Burgdoerfer, such executive will be entitled to tax reimbursement payments.

Common Stock Ownership Guidelines

The Compensation Committee strongly encourages stock ownership of shares of Common Stock by the Company's named executive officers. In January 2005, the Company introduced minimum stockholding guidelines to be met by 2010 for the named executive officer group. Any individual promoted or hired into a position subject to these guidelines will have a five-year period in which to meet the stock ownership requirements. The stockholding requirements reflect the value of Common Stock held and can be met through direct or beneficial ownership of Common Stock, including shares of Common Stock held through the Company's stock and retirement plans. In addition to aligning the interests of our named executive officers with those of our stockholders, the stock ownership guidelines promote a long-term focus and discourage inappropriate risk-taking.

Title	Share Ownership Guideline
Chief Executive Officer	5 times base salary
Other Named Executive Officers	3 times base salary

All of the named executive officers hold shares of Common Stock with a value in excess of the ownership guidelines as of the end of the 2010 fiscal year. Details regarding the ownership of shares of Common Stock by the named executive officers are set forth below in the Security Ownership of Directors and Management table.

In addition to stock ownership guidelines for executives, after four years of membership on the Board, members of our Board of Directors must maintain ownership of at least the number of shares of Common Stock received as Board compensation over the previous four years. All non-executive members of our Board are in compliance with this policy.

Tax Deductibility

The Compensation Committee generally seeks to structure executive compensation in a tax efficient manner. The Limited Brands 2007 Cash Incentive Compensation Performance Plan and the 1993 Plan are intended to qualify payments under the Company's performance-based cash incentive compensation program and equity-based incentive program, respectively for tax deductibility under Code Section 162(m). Successors to these plans are being submitted to stockholders for approval at the meeting to which this proxy statement relates in order to continue compliance with certain provisions under Code Section 162(m). The Compensation Committee has elected not to adopt a policy requiring all compensation to be tax deductible to maintain flexibility in structuring executive compensation to attract highly qualified executive talent and to further our business goals and compensation philosophy.

CEO Compensation

Mr. Wexner has been CEO since founding the Company in 1963. Our compensation consultant, Towers Watson conducts a competitive review and analysis to determine base salary and short- and long-term incentive guidelines for Mr. Wexner's position using the peer group companies listed above.

In fiscal 2010, as in prior years, in establishing Mr. Wexner's compensation package the Compensation Committee considered competitive practices, the extent to which the Company achieved operating income and sales objectives, progress regarding brand strategy, and the continued recruitment and development of key leadership talent. These factors are considered in the aggregate and are not assigned a specific weight.

As described earlier, the Compensation Committee continues to emphasize variable, performance-based compensation components for all executives, including Mr. Wexner. Accordingly, Mr. Wexner did not receive any increase to his base salary during fiscal 2009 or fiscal 2010. In March 2010, Mr. Wexner was awarded stock options and restricted stock units and his incentive compensation target was increased from 160% to 175%.

The Compensation Committee awarded Mr. Wexner's annual equity grant in March 2010 consistent with the level awarded in 2009 using the same considerations used to determine the equity awards for the other named executive officers; this award was valued at $2.9 million and delivered 75% in performance-based restricted stock units and 25% in stock options. In addition, as discussed in the "Executive Summary" above, the Compensation Committee awarded Mr. Wexner an equity grant in January 2011 based on the performance of the Company and his role and leadership in its accomplishments for the 2010 fiscal year, including:

- Maximizing the profitability of our core brands through increased sales and merchandise margins, careful inventory management and improved execution;
- Expansion of company owned operations into Canada;
- Growth of new brand concepts;
- Implementation of infrastructure and systems to enhance productivity and enable future growth; and
- Accomplishment of talent retention objectives.

The January 2011 award was valued at $8.8 million. 75% of the value was awarded as performance-based restricted stock units and 25% of the value was awarded as stock options. The quantitative performance measure for Mr. Wexner to earn the performance-based restricted stock units is achievement of at least $100 million of operating income for the 2011, 2012, 2013, 2014 or 2015 fiscal years. This objective performance measure is intended to satisfy the requirements for tax deductibility under Section 162(m). If the performance condition is met, the restricted stock units and option awards will vest 20% on the second and third anniversaries of the grant date and 30% on the fourth and fifth anniversaries of the grant date. In each case, vesting is subject to continued employment.

It is the Compensation Committee's current intent to continue to assess the Company's performance as each fiscal year draws to a close and, if appropriate, award Mr. Wexner an equity grant. The Committee has not established a specific formula for determining the size or composition of any potential second annual award but it will broadly consider the Company's and Mr. Wexner's market position and:

- Financial performance as indicated by the achievement of seasonal operating income targets;
- Achievement of the Company's strategic business plan objectives;
- Achievement of individual performance goals for both Mr. Wexner and his direct reports; and
- Other factors as determined by the Compensation Committee.

While the performance measures provide a framework for determining the size of Mr. Wexner's equity award, the Compensation Committee retains discretion over the size of the grant, including making no award at all.

Compensation Governance

Our executive compensation program is overseen by the Compensation Committee of the Board. Compensation Committee members are appointed by our Board and meet the independence and other requirements of the NYSE and other applicable laws and regulations. Compensation Committee members are selected based on their knowledge and experience in compensation matters from their professional roles and their roles on other boards.

As part of its self-evaluation process, the Compensation Committee considers best practices and compliance with the highest governance standards. The Compensation Committee continued its work to enhance communication with the Board and maximize the effectiveness of the Compensation Committee. The role of the Compensation Committee and information about its meetings are set forth elsewhere in this proxy statement.

The Compensation Committee's charter is available on our website at *http://www.limitedbrands.com.*

Committee Delegation

Company management, including the Executive Vice President of Human Resources and the Senior Vice President of Talent Management and Total Rewards, generally prepare the materials for and attend Compensation Committee meetings, along with a representative from the Office of the General Counsel who records the minutes of the meeting, the Chief Administrative Officer and the Chief Financial Officer. This management team proposes compensation program design and recommends compensation levels and stock awards for executives. The CEO does not play a role in recommending his own compensation. The Compensation Committee makes the final determination regarding management's proposals. The Compensation Committee regularly meets in executive session without management present.

The Compensation Committee may delegate its authority to subcommittees or the Chair of the Compensation Committee when it deems appropriate and in the best interests of the Company. In accordance with its charter, the Compensation Committee has delegated to our Executive Vice President of Human Resources the authority to make grants of stock rights or options under and in accordance with the Company's stock incentive plan with a value up to $250,000 to any associate who is not a Section 16 officer of the Company or a senior leadership team member.

Compensation Consultant

As permitted by its charter, the Compensation Committee retained Towers Watson as its independent executive compensation consultant to assist in its evaluation of CEO and executive officer compensation levels, severance arrangements and program design. The Compensation Committee, considering recommendations from our management team, determines the work to be performed by the consultant. The consultant works with management to gather data required in preparing analyses for Compensation Committee review.

Specifically, the consultant provides the Compensation Committee with market trend information, data and recommendations to enable the Compensation Committee to make informed decisions and to stay abreast of changing market practices. Towers Watson worked with the Compensation Committee in the design of the January 2011 stock award for Mr. Wexner. In addition, Towers Watson provided analysis on the alignment of pay and performance, provided consultation on our executive compensation strategy and peer group selection and assisted in the process of preparing this disclosure.

The Compensation Committee has the sole authority to retain and terminate any independent executive compensation consultant. To that end, it periodically reviews the performance of the consultant and considers alternative consultants. In considering the advice provided by an executive compensation consultant, and whether to retain or continue the retention of an executive compensation consultant, the Compensation Committee requires that the Company regularly inform the Compensation Committee of all work provided or to be provided by the consulting firm and its affiliates to the Company in addition to the executive compensation services provided to the Compensation Committee. Additionally, the Compensation Committee reviews all bills rendered by the compensation consulting firm to the Company for services provided to both the Company and the

Compensation Committee. In addition to the services provided at the request of the Compensation Committee, a separate division of Towers Watson provides a call center tracking system for which we pay quarterly software usage fees, aggregating less than $120,000 annually. The Compensation Committee believes that the provision of this work by Towers Watson is not material and does not impair the independence and objectivity of advice provided to the Compensation Committee on executive compensation matters.

2010 Summary Compensation Table

The following table sets forth information concerning total compensation earned by or paid to our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers during the fiscal year ended January 29, 2011 (the "named executive officers").

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)(3)	Option Awards ($)(2)(3)	Non-Equity Incentive Plan Compen-sation ($)(4)	Change in Pension Value and Non-qualified Deferred Compen-sation Earnings ($)(5)	All Other Compen-sation ($)(6)	Total ($)
Leslie H. Wexner	2010	$1,924,000	$ 0	$ 8,658,055	$2,988,313	$6,302,351	$323,871	$ 311,900	$20,508,490
Chairman of the Board, CEO	2009	1,924,000	0	1,882,327	507,794	4,897,119	388,325	1,222,405	10,821,970
	2008	1,909,769	0	1,329,447	585,386	1,523,192	252,015	1,312,532	6,912,341
Sharen J. Turney	2010	1,250,000	0	870,856	299,939	3,998,400	163,204	485,799	7,068,198
Executive Vice President,	2009	1,250,000	1,925,023	955,093	257,654	2,682,750	185,320	383,754	7,639,594
CEO/President, Victoria's Secret	2008	1,240,385	2,006,173	15,260,956	198,527	1,090,500	112,060	458,882	20,367,483
Martyn R. Redgrave	2010	1,040,000	0	817,059	249,552	2,628,007	24,038	371,479	5,130,135
Executive Vice President,	2009	1,040,000	0	651,251	171,545	2,150,762	29,117	210,571	4,253,246
Chief Administrative Officer	2008	1,032,308	0	2,912,045	237,318	668,970	45,465	219,797	5,115,903
Diane L. Neal	2010	985,962	0	696,677	239,947	1,981,920	40,452	275,336	4,220,294
Executive Vice President,	2009	927,000	0	566,805	152,906	2,039,400	35,820	163,366	3,885,297
CEO, Bath & Body Works	2008	921,808	0	2,334,992	141,022	241,873	16,683	121,047	3,777,425
Stuart B. Burgdoerfer	2010	725,000	0	548,145	173,964	1,492,761	11,708	232,541	3,184,119
Executive Vice President,	2009	725,000	0	573,938	149,280	1,153,330	9,037	159,378	2,769,963
Chief Financial Officer	2008	710,577	0	1,572,102	110,291	358,730	3,336	174,315	2,929,351

(1) Performance-based incentive compensation bonuses are disclosed in this table under the Non-Equity Incentive Plan Compensation column. None of our named executive officers received a nonperformance-based award in fiscal 2010.

(2) The value of stock and option awards reflects the aggregate grant date fair value, excluding estimated forfeitures, computed in accordance with Accounting Standards Codification ("ASC") Subtopic 718 *Compensation—Stock Compensation*, for each award. Stock options are valued using the Black-Scholes option pricing model. See Note 20 to the Company's financial statements filed on March 18, 2011 on Form 10-K for the related assumptions for stock options granted during the 2010, 2009 and 2008 fiscal years and for a discussion of our assumptions in determining the aggregate grant date fair value of these awards.

(3) Stock and option awards were granted to each named executive officer under the Company's amended and restated 1993 Plan.

The value of stock awards granted in 2008 includes special performance-based restricted stock unit grants awarded to Ms. Turney, Mr. Redgrave, Ms. Neal and Mr. Burgdoerfer intended to assure retention, drive performance and further alignment with stockholder interests. These awards, with the exception of the grant to Ms. Turney, vest 100% three years from the date of grant, subject to continued employment. Ms. Turney's award was designed to provide significant retentive value and vests over seven years (40% after four years and 20% after each of five, six and seven years), subject to continued employment. In addition to the vesting requirement, these awards were earned based on the achievement of operating income as a percentage of sales above the median of this performance measure for the companies listed in the S&P 500 Retailing Index in 2008.

(4) Represents the aggregate of the non-equity performance-based incentive compensation for the applicable fiscal Spring and Fall selling seasons. Incentive compensation targets are set based on a percentage of base salary and are paid seasonally based on the achievement of operating income results. The following table illustrates the amount of the compensation paid in cash, stock and voluntarily deferred:

	Paid in Cash ($)	Paid in Stock ($)	Deferred Cash ($)	Deferred Stock ($)	Total ($)
Mr. Wexner	$6,302,351	$ 0	$ 0	$0	$6,302,351
Ms. Turney	3,880,029	0	118,371	0	3,998,400
Mr. Redgrave	2,160,342	391,375	76,290	0	2,628,007
Ms. Neal	1,925,197	0	56,723	0	1,981,920
Mr. Burgdoerfer	1,446,643	0	46,118	0	1,492,761

(5) Limited Brands does not sponsor any tax-qualified or non-qualified defined benefit retirement plans. For fiscal 2010, the amounts shown represent the amount by which earnings, at a rate equivalent to 6.82% compounded monthly on each named executive officer's non-qualified deferred compensation account balance, exceeds 120% of the applicable federal long-term rate.

(6) The following table details all other compensation paid to each named executive officer during our last fiscal year:

	Financial planning services provided to executive ($)	Life insurance premiums paid on executive's behalf ($)	Tax equal-ization payments ($)	Reimburse-ment of medical costs not covered by the Company's standard health plan ($)	Cash payout of fractional shares due to special dividend stock award adjustment ($)	Company contributions to the executive's qualified and non-qualified retirement plan account ($)	Total ($)
Mr. Wexner	$ 0	$ 0	$11,398	$ 7,262	$ 93	$293,147	$311,900
Ms. Turney	4,750	7,730	20,742	1,772	292	450,513	485,799
Mr. Redgrave	9,100	0	13,109	2,007	268	346,995	371,479
Ms. Neal	0	0	7,737	485	164	266,950	275,336
Mr. Burgdoerfer	7,000	0	7,438	10,000	311	207,792	232,541

Grants of Plan-Based Awards for Fiscal 2010

The following table provides information relating to plan-based awards and opportunities granted to the named executive officers during the fiscal year ended January 29, 2011.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(5)
Leslie H. Wexner	3/31/2010				0	0	0	0	102,592	$22.50	$ 738,683
	3/31/2010					102,592		102,592	0	0	2,144,676
	1/27/2011				0	0	0	0	245,325	29.41	2,249,630
	1/27/2011					245,325					6,513,379
		$673,400	$3,367,000	$6,734,000							
Sharen J. Turney	3/31/2010				0	0	0	0	41,657	22.50	299,939
	3/31/2010					41,658		41,658	0	0	870,856
		400,000	2,000,000	4,000,000							
Martyn R. Redgrave	3/5/2010				0	0	0	1,704	0	0	32,224
	3/31/2010				0	0	0	0	34,659	22.50	249,552
	3/31/2010					34,660		34,660	0	0	724,564
	9/3/2010				0	0	0	2,699	0	0	60,271
		280,800	1,404,000	2,808,000							
Diane L. Neal	3/31/2010				0	0	0	0	33,325	22.50	239,947
	3/31/2010					33,326		33,326	0	0	696,677
		240,000	1,200,000	2,400,000							
Stuart B. Burgdoerfer	3/5/2010				0	0	0	2,276	0	0	43,041
	3/31/2010				0	0	0	0	24,161	22.50	173,964
	3/31/2010					24,162		24,162	0	0	505,104
		159,500	797,500	1,595,000							

(1) Non-Equity Incentive Plan Awards represent the Threshold, Target and Maximum opportunities under the Company's 2007 Cash Incentive Compensation Performance Plan for the 2010 Spring and Fall seasons. The actual amount earned under this plan is disclosed in the 2010 Summary Compensation Table in the "Non-Equity Incentive Plan Compensation" column.

(2) Equity Incentive Plan Awards represent the Threshold, Target and Maximum payments of performance-based restricted stock units for the 2010 fiscal year. For awards granted on 3/31/2010, the actual number of performance-based restricted stock units earned is disclosed in the "All Other Stock Awards: Number of Shares of Stock or Units" column of this table.

Stock Awards granted to Mr. Wexner on January 27, 2011 are subject to achievement of at least $100 million of operating income for the 2011, 2012, 2013, 2014 or 2015 fiscal years. If the performance condition is met, the restricted stock units will vest 20% on the second and third anniversaries of the grant date and 30% on the fourth and fifth anniversaries of the grant date, subject to continued employment.

(3) Stock Awards were granted pursuant to the Company's amended and restated 1993 Plan.

Stock Awards granted to each of the named executive officers on March 31, 2010 were earned based on achievement of the operating income target for fiscal 2010 and vest on March 31, 2013.

Stock Awards granted on March 5, 2010 to Messrs. Redgrave and Burgdoerfer and September 3, 2010 to Mr. Redgrave, represent awards made in connection with each of their elections to receive a portion of his or her cash-based incentive compensation bonus in shares of Common Stock. The grants were made based on the Fall 2009 bonus paid on March 5, 2010 and the Spring 2010 bonus paid on September 3, 2010. These grants vest 100% three years from the grant date, dependent on each named executive officer retaining the stock paid in lieu of cash.

In each case, the vesting of these awards is subject to continued employment.

Dividends are not paid or accrued on stock awards or stock units until such shares vest.

(4) Option Awards were granted pursuant to the Company's amended and restated 1993 Stock Option and Performance Incentive Plan. Option grant dates were established on the date the grants were approved by the Compensation Committee of the Board and the exercise price is the closing price of Common Stock on the grant date.

Option Awards granted to each of the named executive officers on March 31, 2010, were granted in connection with the Company's long-term incentive program. These grants vest in three equal installments beginning on the first anniversary of the grant date.

Option Awards granted to Mr. Wexner on January 27, 2011 will vest 20% on the second and third anniversaries of the grant date and 30% on the fourth and fifth anniversaries of the grant date.

In each case, the vesting of these awards is subject to continued employment.

(5) The value of stock and option awards reflects the grant date fair value under ASC Subtopic 718 *Compensation—Stock Compensation* for each award. Options are valued using the Black-Scholes option pricing model with the following assumptions as set forth in the Company's financial statements filed on March 18, 2011, on Form 10-K for the 2010 fiscal year: dividend yield of 3.3%, volatility of 49%, risk free interest rate of 2.3% and expected life of 4.5 years. Restricted stock units are valued based on the fair market value of a share of Common Stock on the date of grant, adjusted for anticipated dividend yields.

Outstanding Equity Awards at Fiscal Year-End for Fiscal 2010

The following table provides information relating to outstanding equity awards granted to the named executive officers at fiscal year end, January 29, 2011.

	Option Awards						Restricted Stock Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Un-exercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(15)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(15)
Leslie H. Wexner	2/4/2002	479,771	0	0	$14.80	2/4/2012					
	2/3/2003	431,794	0	0	10.56	2/3/2013					
	2/2/2004	431,794	0	0	15.62	2/2/2014					
	3/31/2005	375,533	0	0	21.35	3/31/2015					
	3/31/2006	93,882	0	0	21.49	3/31/2016					
	3/30/2007	90,894	30,300(1)	0	22.90	3/30/2017					
	3/31/2008	96,029	96,029(2)	0	15.03	3/31/2018					
	3/31/2009	103,031	206,066(2)	0	7.65	3/31/2019					
	3/31/2010	0	102,592(3)	0	22.50	3/31/2020					
	1/27/2011	0	245,325(4)	0	29.41	1/27/2021					
							3/31/2009	309,097(6)	$ 8,939,085	0	0
							3/31/2010	102,592(7)	2,966,961	0	0
							1/27/2011	0	0	245,325(8)	7,094,799
Sharen J. Turney	3/31/2005	113,797	0	0	21.35	3/31/2015					
	3/31/2006	12,801	0	0	21.49	3/31/2016					
	3/31/2008	549	32,566(2)	0	15.03	3/31/2018					
	3/31/2009	1	104,557(2)	0	7.65	3/31/2019					
	3/31/2010	0	41,657(3)	0	22.50	3/31/2020					
							3/31/2008	12,643(9)	365,636	0	0
							3/31/2008	1,137,976(10)	32,910,266	0	0
							3/31/2009	156,835(6)	4,535,668	0	0
							3/31/2010	41,658(7)	1,204,749	0	0
Martyn R. Redgrave	3/30/2007	3,274	24,553(1)	0	22.90	3/30/2017				0	0
	3/31/2008	3,326	38,931(2)	0	15.03	3/31/2018				0	0
	3/31/2009	34,806	69,613(2)	0	7.65	3/31/2019				0	0
	3/31/2010	0	34,659(3)	0	22.50	3/31/2020				0	0
							3/31/2008	173,086(9)	5,005,647	0	0
							9/5/2008	2,299(11)	66,487	0	0
							3/31/2009	104,420(6)	3,019,826	0	0
							9/4/2009	1,284(12)	37,133	0	0
							3/5/2010	1,704(13)	49,280	0	0
							3/31/2010	34,660(7)	1,002,367	0	0
							9/3/2010	2,699(14)	78,055	0	0
Diane L. Neal	11/20/2006	28,448	0	0	26.95	11/20/2016					
	3/30/2007	5,974	1,991(1)	0	22.90	3/30/2017					
	3/31/2008	0	23,133(2)	0	15.03	3/31/2018					
	3/31/2009	1	62,049(2)	0	7.65	3/31/2019					
	3/31/2010	0	33,325(3)	0	22.50	3/31/2020					
							3/31/2008	154,309(9)	4,462,616	0	0
							3/31/2009	93,074(6)	2,691,700	0	0
							3/31/2010	33,326(7)	963,788	0	0

	Option Awards						Restricted Stock Awards				
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Un-exercisable (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Grant Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(15)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(15)**
Stuart B. Burgdoerfer . .	11/2/2006	56,897	0	0	26.06	11/2/2016					
	4/9/2007	10,665	3,554(5)	0	23.60	4/9/2017					
	3/31/2008	18,091	18,092(2)	0	15.03	3/31/2018					
	3/31/2009	30,288	60,578(2)	0	7.65	3/31/2019					
	3/31/2010	0	24,161(3)	0	22.50	3/31/2020					
							3/31/2008	96,499(9)	2,790,751	0	0
							9/5/2008	1,195(11)	34,559	0	0
							3/31/2009	90,866(6)	2,627,845	0	0
							9/4/2009	1,720(12)	49,742	0	0
							3/5/2010	2,276(13)	65,822	0	0
							3/31/2010	24,162(7)	698,765	0	0

(1) Options vest 100% on March 30, 2011.

(2) Options vest 50% on March 31, 2011 and 50% on March 31, 2012.

(3) Options vest 1/3rd on March 31, 2011, 1/3rd on March 31, 2012 and 1/3rd on March 31, 2013.

(4) Options vest 20% on January 27, 2013, 20% on January 27, 2014, 30% on January 27, 2015 and 30% on January 27, 2016.

(5) Options vest 100% on April 9, 2011.

(6) Shares vest 100% on March 31, 2012.

(7) Shares vest 100% on March 31, 2013.

(8) Subject to achievement of a performance condition, shares vest 20% on January 27, 2013, 20% on January 27, 2014, 30% on January 27, 2015 and 30% on January 27, 2016.

(9) Shares vest 100% on March 31, 2011.

(10) Shares vest 40% on March 31, 2012, 20% on March 31, 2013, 20% on March 31, 2014 and 20% on March 31, 2015.

(11) Shares vest 100% on September 5, 2011.

(12) Shares vest 100% on September 4, 2012.

(13) Shares vest 100% on March 5, 2013.

(14) Shares vest 100% on September 3, 2013.

(15) Market value based on the $28.92 fair market value of a share of Common Stock on the last trading day of the fiscal year (January 28, 2011).

Option Exercises and Stock Vested Information for Fiscal 2010

The following table provides information relating to Option Awards exercised and Restricted Stock Unit Awards vested during the fiscal year ended January 29, 2011.

	Option Awards		Restricted Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Leslie H. Wexner	0	$ 0	87,808	$2,157,404
Sharen J. Turney	181,445	2,773,128	56,983	1,416,070
Martyn R. Redgrave	404,126	3,773,923	36,121	888,196
Diane L. Neal	49,501	1,024,933	25,829	649,020
Stuart B. Burgdoerfer	0	0	24,835	629,640

(1) Option Award Value Realized is calculated based on the difference between (a) the sale price and the option exercise price for shares that were sold upon exercise and (b) the closing price on the day prior to the date of exercise and the option exercise price for shares that were held upon exercise.

(2) Restricted Stock Award Value Realized is calculated based on the closing stock price on the date the restricted stock units vested.

Retirement and Other Post-Employment Benefits

Non-qualified Deferred Compensation for Fiscal 2010[1]

Name	Executive Contributions in Last FY ($)(2)	Registrant Contributions in Last FY ($)(3)	Aggregate Earnings in Last FY ($)(4)	Aggregate Withdrawals/ Distributions ($)(5)	Aggregate Balance at Last FYE ($)(6)
Leslie H. Wexner	$ 0	$277,819	$1,081,672	$0	$16,508,514
Sharen J. Turney	929,028	425,385	796,617	0	10,307,429
Martyn R. Redgrave	98,936	321,867	324,052	0	3,091,798
Diane L. Neal	326,810	255,454	135,102	0	2,322,314
Stuart B. Burgdoerfer	55,682	182,664	39,103	0	692,567

(1) Amounts disclosed include non-qualified cash deferrals, Company matching contributions, retirement credits and earnings under the Company's Supplemental Retirement Plan (a non-qualified defined contribution plan) and stock deferrals and related reinvested dividend earnings under the Company's 1993 Plan. Executive Contributions and related matching Registrant Contributions represent 2010 calendar year deferrals and match on incentive compensation payments earned based on performance for the Fall 2009 season, which was paid in March 2010, and for the Spring 2010 season, which was paid in September 2010.

(2) Cash contributions in the amount of $133,655, $98,936, $326,810 and $55,682 for Ms. Turney, Mr. Redgrave, Ms. Neal and Mr. Burgdoerfer, respectively, are reported in the 2010 Summary Compensation Table under the "Salary" and/or "Non-Equity Incentive Plan Compensation" columns. Deferred stock unit contribution of $795,374 for Ms. Turney relates to her election to defer receipt of restricted stock units that vested on March 31, 2010, and is included in the Option Exercises and Stock Vested Information for Fiscal 2010 table.

(3) Reflects the Company's 200% match of associate contributions of up to 3% of base salary and bonus above the IRS qualified plan maximum compensation limit and the Company's retirement contribution of 6% for less than 5 years of service or 8% for 5 or more years of service of compensation above the IRS qualified plan maximum compensation limit. Associates become fully vested in these contributions after six years of service. These contributions are also included under the "All Other Compensation" column of the 2010 Summary Compensation Table.

(4) Non-qualified deferred cash compensation balances earn a fixed rate of interest determined prior to the beginning of each year. For fiscal 2010, the rate was equivalent to 6.82%, compounded monthly. The portion of the earnings on deferred cash compensation that exceeds 120% of the applicable federal long-term rate is disclosed in the "Change in Pension Value and Non-qualified Deferred Compensation Earnings" column of the 2010 Summary Compensation Table.

Balance includes dividends earned on deferred stock and restricted stock unit balances in the amount of $251,544 and $243,769 for Ms. Turney and Mr. Redgrave, respectively. Dividends are reinvested into additional stock units based on the closing market price of the Company's Common Stock on the dividend payment date.

(5) Participants may elect to receive the funds in a lump sum or in up to ten annual installments following termination of employment, but generally may not make withdrawals during their employment. Deferrals under the Supplemental Retirement Plan and the 1993 Plan are unfunded.

(6) Balance includes the value of deferred stock and restricted stock units at calendar year-end in the amount of $1,794,023 and $1,705,914 for Ms. Turney and Mr. Redgrave, respectively. Value is calculated based on a stock price of $28.92 per share of Common Stock on January 28, 2011.

Estimated Post-Employment Payments and Benefits

We have entered into certain agreements with our executive officers that will require us to provide compensation in the event of a termination of employment, including a termination following a change in control of our Company. Mr. Wexner is not covered by such an agreement but is entitled to certain termination compensation under the terms of our benefit and stock plans. The following tables set forth the expected benefit to be received by each named executive officer in the event of his or her termination resulting from various scenarios, assuming a termination date of January 29, 2011 and a stock price of $28.92, the price of our Common Stock on January 28, 2011.

Assumptions and explanations of the numbers set forth in the tables below are set forth in additional text following the tables.

Leslie H. Wexner

		Involuntary w/out Cause or Voluntary w/Good Reason					
	Voluntary Resignation ($)	w/out Release ($)	& Signed Release ($)	Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Cash Severance(1)							
Base Salary	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Bonus(2)	0	0	0	0	0	0	0
Total Cash Severance	0	0	0	0	0	0	0
Long Term Incentives							
Gain of Accelerated Stock Options(3)	0	0	0	6,558,748	6,558,748	0	0
Value of Accelerated Restricted Stock Units(3)	0	0	5,956,219	19,000,845	19,000,845	5,956,219	5,956,219
Total Value of Long-Term Incentives	0	0	5,956,219	25,559,593	25,559,593	5,956,219	5,956,219
Benefits and Perquisites(4)	0	0	0	0	2,000,000	796,000	0
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	$ 0	$ 0	$5,956,219	$25,559,593	$27,559,593	$6,752,219	$5,956,219

Sharen J. Turney

	Voluntary Resignation ($)	Involuntary w/out Cause or Voluntary w/Good Reason w/out Release ($)	Involuntary w/out Cause or Voluntary w/Good Reason & Signed Release ($)	Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Cash Severance(1)							
Base Salary	$ 0	$1,250,000	$ 2,500,000	$ 2,500,000	$ 0	$ 0	$ 0
Bonus(2)	0	0	2,000,000	6,681,150	0	0	0
Total Cash Severance	0	1,250,000	4,500,000	9,181,150	0	0	0
Long Term Incentives							
Gain of Accelerated Stock Options(3)	0	0	0	2,944,128	2,944,128	0	0
Value of Accelerated Restricted Stock Units(3)	0	0	15,998,139	39,016,319	39,016,319	15,998,139	0
Total Value of Long-Term Incentives	0	0	15,998,139	41,960,447	41,960,447	15,998,139	0
Benefits and Perquisites(4)	7,086	28,116	38,630	38,630	5,000,000	1,262,344	7,086
Tax Gross-Up	N/A	N/A	N/A	8,849,623	N/A	N/A	N/A
Total	$7,086	$1,278,116	$20,536,769	$60,029,850	$46,960,447	$17,260,483	$7,086

Martyn R. Redgrave

	Voluntary Resignation ($)	Involuntary w/out Cause or Voluntary w/Good Reason w/out Release ($)	Involuntary w/out Cause or Voluntary w/Good Reason & Signed Release ($)	Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Cash Severance(1)							
Base Salary	$ 0	$1,040,000	$ 2,080,000	$ 2,080,000	$ 0	$ 0	$ 0
Bonus(2)	0	0	1,404,000	4,778,769	0	0	0
Total Cash Severance	0	1,040,000	3,484,000	6,858,769	0	0	0
Long Term Incentives							
Gain of Accelerated Stock Options(3)	0	0	0	2,392,040	2,392,040	0	0
Value of Accelerated Restricted Stock Units(3)	0	0	6,691,249	9,258,796	9,258,796	6,691,249	0
Total Value of Long-Term Incentives	0	0	6,691,249	11,650,836	11,650,836	6,691,249	0
Benefits and Perquisites(4)	0	18,921	28,381	28,381	2,000,000	579,730	0
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	$ 0	$1,058,921	$10,203,630	$18,537,986	$13,650,836	$7,270,979	$ 0

Diane L. Neal

	Voluntary Resignation ($)	Involuntary w/out Cause or Voluntary w/Good Reason w/out Release ($)	Involuntary w/out Cause or Voluntary w/Good Reason & Signed Release ($)	Involuntary w/out Cause following Change in Control(5) ($)	Death ($)	Disability ($)	Retirement ($)
Cash Severance(1)							
Base Salary	$ 0	$1,000,000	$2,000,000	$ 2,000,000	$ 0	$ 0	$ 0
Bonus(2)	0	0	1,200,000	1,200,000	0	0	0
Total Cash Severance	0	1,000,000	3,200,000	3,200,000	0	0	0
Long Term Incentives							
Gain of Accelerated Stock Options(3)	0	0	0	1,867,255	1,867,255	0	0
Value of Accelerated Restricted Stock Units(3)	0	0	5,901,849	8,118,104	8,118,104	5,901,849	0
Total Value of Long-Term Incentives	0	0	5,901,849	9,985,359	9,985,359	5,901,849	0
Benefits and Perquisites(4)	0	16,176	16,176	16,176	2,212,870	781,914	0
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	$ 0	$1,016,176	$9,118,025	$13,201,535	$12,198,229	$6,683,763	$ 0

Stuart B. Burgdoerfer

	Voluntary Resignation ($)	Involuntary w/out Cause or Voluntary w/Good Reason w/out Release ($)	Involuntary w/out Cause or Voluntary w/Good Reason & Signed Release ($)	Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Cash Severance(1)							
Base Salary	$ 0	$725,000	$1,450,000	$ 1,450,000	$ 0	$ 0	$ 0
Bonus(2)	0	0	797,500	2,646,091	0	0	0
Total Cash Severance	0	725,000	2,247,500	4,096,091	0	0	0
Long Term Incentives							
Gain of Accelerated Stock Options(3)	0	0	0	1,714,042	1,714,042	0	0
Value of Accelerated Restricted Stock Units(3)	0	0	4,333,026	6,267,485	6,267,485	4,333,026	0
Total Value of Long-Term Incentives	0	0	4,333,026	7,981,527	7,981,527	4,333,026	0
Benefits and Perquisites(4)	0	20,607	30,911	30,911	1,450,000	411,402	0
Tax Gross-Up	N/A	N/A	N/A	1,782,431	N/A	N/A	N/A
Total	$ 0	$745,607	$6,611,437	$13,890,960	$9,431,527	$4,744,428	$ 0

(1) Assumes a termination date of January 29, 2011.

(2) Bonus amounts assumed at target. Under "Involuntary w/out Cause or Voluntary w/Good Reason" termination scenarios, actual bonus payments will be equal to the bonus payment the named executive officer would have received if he or she had remained employed with Limited Brands for a period of one year after the termination date of January 29, 2011. Under an "Involuntary w/out Cause following Change in Control", bonus payments will be equal to the sum of the last four bonus payments received.

(3) Calculated based on the $28.92 fair market value of a share of Common Stock on the last trading day of the fiscal year (January 28, 2011).

(4) Estimates for benefits and perquisites include the continuation of medical, dental and other insurance benefits. Under the "Death" and "Disability" scenarios, includes proceeds from life and disability insurance policies, and value of unvested restricted stock units and retirement balances that would become vested.

(5) Ms. Neal's bonus payment following an involuntary termination after a Change in Control is assumed to be the same as the payment for an involuntary termination not following a Change in Control (with a signed release). Ms. Neal's employment agreement does not provide for a tax gross-up upon a Change in Control.

Assumptions and Explanations of Numbers in Tables

The Compensation Committee retains discretion to provide, and in the past has provided, additional benefits to named executive officers upon termination or resignation if it determines the circumstances so warrant.

We calculated Code Section 280G tax gross-ups with a discount rate equal to 120% of the semi-annual Applicable Federal Rate as of February 2011.

The tables do not include the payment of the aggregate balance of the named executive officers' non-qualified deferred compensation that is disclosed in the Non-qualified Deferred Compensation for Fiscal 2010 table above.

Confidentiality, Non-Competition and Non-Solicitation Agreements

As a condition to each named executive officer's entitlement to receive certain severance payments and equity vesting acceleration upon certain termination scenarios, the executive is required to execute a release of claims against us and shall be bound by the terms of certain restrictive covenants, including non-competition and non-solicitation agreements which prohibit the executive from soliciting or diverting any current or potential employee, customer, or supplier or competing with any of our businesses in which he or she has been employed for a period of one year from the date of termination.

Termination Provisions—Definitions of Cause and Good Reason

The employment agreements for all named executive officers other than Mr. Wexner, who does not have an employment agreement, contain customary definitions of cause and good reason. "Cause" shall generally mean that the named executive officer (1) willfully failed to perform his or her duties with the Company (other than a failure resulting from the executive's incapacity due to physical or mental illness); (2) has plead "guilty" or "no contest" to or has been convicted of an act which is defined as a felony under federal or state law; or (3) engaged in willful misconduct in bad faith which could reasonably be expected to materially harm the Company's business or its reputation.

"Good Reason" means (1) the failure to continue by the executive in a capacity originally contemplated in the executive's employment agreement; (2) the assignment to the executive of any duties materially inconsistent with the executive's position, duties, authority, responsibilities or reporting requirements, as set out in his or her employment agreement; (3) a reduction in or a material delay in payment of the executive's total cash compensation and benefits from those required to be provided; (4) the requirement that the executive be based outside of the United States, other than for travel that is reasonably required to carry out the executive's duties; or (5) the failure by the Company to obtain the assumption in writing of its obligation to perform the employment agreement by a successor. The definition of "Good Reason" under Mr. Redgrave's employment agreement further defines "Good Reason" to include the delivery of a Preliminary Notice of Good Reason by Mr. Redgrave to the Company after April 1, 2010 that must be accepted by the Company within six months.

Payments Upon a Termination in Connection with a Change in Control

A Change in Control of the Company will be deemed to have occurred upon the first to occur of any of the following events:

a) Any person, together with all affiliates, becomes a beneficial owner of securities representing 33% or more of the combined voting power of the voting stock then outstanding;

b) During any period of 24 consecutive months, individuals who at the beginning of such period constitute the Board cease for any reason to constitute a majority of directors then constituting the Board;

c) A reorganization, merger or consolidation of the Company is consummated, unless more than 50% of the outstanding shares of Common Stock is beneficially owned by individuals and entities who owned Common Stock just prior to the such reorganization, merger or consolidation; or

d) The consummation of a complete liquidation or dissolution of the Company.

Tax Gross-up

In the event of a termination following a Change in Control, we have agreed to reimburse Ms. Turney and Mr. Burgdoerfer for all excise taxes imposed under Code Section 280G and any income and excise taxes that are payable as a result of any reimbursements for Code Section 280G excise taxes. In 2008, Mr. Redgrave agreed to relinquish the Code Section 280G tax gross-up provision of his employment agreement. The total Code Section 280G tax gross-up amount in the above tables assumes that the named executive officer is entitled to a full reimbursement by us of (i) any excise taxes imposed as a result of the Change in Control, (ii) any income and excise taxes imposed as a result of our reimbursement of the excise tax amount and (iii) any additional income and excise taxes imposed as a result of our reimbursement for any excise or income taxes. The calculation of the Code Section 280G gross-up amount in the above tables is based upon a Code Section 280G excise tax rate of 20%, a 35% federal income tax rate, a 1.45% Medicare tax rate and a 6.56% state income tax rate. For purposes of the Code Section 280G calculation, it is assumed that no amounts will be discounted as attributable to reasonable compensation and no value will be attributed to the executive executing a non-competition agreement. The calculation of the Code Section 280G tax gross-up assumes that amounts will be payable to the named executive officer for any excise tax incurred regardless of whether the named executive officer's employment is terminated. However, the amount of the Code Section 280G tax gross-up will change based upon whether the named executive officer's employment with us is terminated because the amount of compensation subject to Code Section 280G will change.

Fiscal 2010 Director Compensation

The following table sets forth compensation earned by the individuals who served as directors of the Company during fiscal 2010.[(1)]

Name	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)	Total ($)(4)
Dennis S. Hersch	$ 60,000	$60,024	$120,024
James L. Heskett	85,000	70,019	155,019
Donna A. James	98,250	82,502	180,752
David T. Kollat	70,006	70,019	140,025
William R. Loomis, Jr.	72,500	72,506	145,006
Jeffrey H. Miro	70,000	70,019	140,019
Jeffrey B. Swartz (5)	12,500	0	12,500
Allan R. Tessler	112,505	92,522	205,207
Abigail S. Wexner	80,006	70,019	150,025
Raymond Zimmerman	73,256	72,506	145,762

(1) Directors who are also associates receive no additional compensation for their service as directors. Our current Board of Directors' compensation plan does not provide for stock option awards, non-equity incentive plan compensation, pension or non-qualified deferred compensation. At the end of four years of membership on the Board of Directors, each member must maintain ownership of Common Stock equal to the amount of Common Stock received as director compensation over the four-year period.

In 2011, based on a review of market-based compensation for Board members including the same peer companies used to evaluate executive compensation, the decision was made to increase Board member compensation in 2011 for the first time in six years. For further detail, see footnote (2).

(2) Directors receive an annual cash retainer of $50,000; directors receive an additional annual cash retainer of $12,500 for membership on the Audit Committee and $10,000 for all other committee memberships; committee chairs receive an additional $15,000 for the Audit and Compensation Committees and $10,000 for other committees. Directors also receive fees of $4,000 for each Board of Directors meeting attended in excess of ten during a fiscal year and $1,500 for each committee meeting attended in excess of ten during a fiscal year.

Beginning in fiscal 2011, the directors' annual cash retainer will increase to $70,000, the additional annual cash retainer for Compensation Committee members will increase to $12,500 and the lead independent director will receive an additional annual cash retainer of $10,000. In connection with these changes, the Board agreed to eliminate the payment of meeting fees for Board and committee meetings in excess of ten during a fiscal year.

(3) Directors receive an annual stock retainer worth $50,000; directors receive an additional annual stock grant worth $12,500 for membership on the Audit Committee and worth $10,000 for other committee memberships. Stock retainers are granted under the Limited Brands, Inc. 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors. The number of shares issued is calculated based on the fair market value of Common Stock on the first day of the fiscal year and are issued in quarterly installments over the fiscal year. The value reported reflects the fair market value of our Common Stock on the days the shares were issued.

Beginning in fiscal 2011, the directors' annual stock retainer will increase to $70,000, the additional annual stock retainer for Compensation Committee members will increase to $12,500 and the lead independent director will receive an additional annual stock retainer of $10,000.

(4) Under a previous Board of Directors compensation plan, directors received annual stock option awards. This plan ended and the current plan was adopted in 2003. The aggregate number of stock option awards outstanding at January 29, 2011 for each director is zero except as follows: Dr. Kollat, 1,199 options; Mr. Tessler, 299 options; Mrs. Wexner, 2,398 options; and Mr. Zimmerman, 1,199 options.

(5) Mr. Swartz retired from the Board effective May 27, 2010, at the conclusion of our 2010 annual meeting.

Equity Compensation Plan Information

The following table summarizes share and exercise price information about Limited Brands' equity compensation plans as of January 29, 2011.

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)	22,892,356	$16.01(2)	13,211,386
Equity compensation plans not approved by security holders	0	0	0
Total	22,892,356	$16.01	13,211,386

(1) Includes the following plans: Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2009 Restatement), Limited Brands, Inc. 1996 Stock Plan for Non-Associate Directors, 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors, and Intimate Brands, Inc. 1995 Stock Option and Performance Incentive Plan. In March 2002, awards then outstanding under the Intimate Brands, Inc. plan were converted into awards relating to 15,561,339 shares of Common Stock in connection with the merger of Intimate Brands, Inc. and a subsidiary of the Company.

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

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Limited Brands Board of Directors is composed of three directors who are independent, as defined under the rules of the Commission and NYSE listing standards. Additionally, each member of the Compensation Committee is an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code and a "non-employee director" with the meaning of Section 16b-3 under the Exchange Act. The Compensation Committee reviews Limited Brands' Compensation Discussion and Analysis on behalf of the Board of Directors.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and based on the review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Limited Brands' annual report on Form 10-K for the year ended January 29, 2011 and the Company's proxy statement.

Compensation Committee

James L. Heskett, Chair
Jeffrey H. Miro
David T. Kollat

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table shows certain information about the securities ownership of all directors (and nominees) of Limited Brands, the executive officers of Limited Brands named in the "Summary Compensation Table" above and all directors and executive officers of Limited Brands as a group.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(a)(b)	Percent of Class
Stuart B. Burgdoerfer	186,361(c)	*
Dennis S. Hersch	9,502,055(d)(e)	2.9%
James L. Heskett	68,095(d)	*
Donna A. James	38,655(d)	*
David T. Kollat	108,033(c)	*
William R. Loomis, Jr.	110,332(d)	*
Jeffrey H. Miro	63,141(d)	*
Diane L. Neal	36,414(c)	*
Jane Ramsey	122,817(c)(d)	
Martyn R. Redgrave	206,229(c)	*
Allan R. Tessler	88,068(c)	*
Sharen J. Turney	394,396(c)	*
Abigail S. Wexner	11,696,747(c)(f)	3.6%
Leslie H. Wexner	53,212,094(c)(g)(h)	16.5%
Raymond Zimmerman	90,213(c)(d)(i)	*
All directors and executive officers as a group	54,762,457(c)-(i)	16.9%

* Less than 1%.

(a) Unless otherwise indicated, each named person has voting and investment power over the listed shares and such voting and investment power is exercised solely by the named person or shared with a spouse. However, each named person has investment but not voting power over the listed shares held in the Limited Brands Savings and Retirement Plan.

(b) Reflects beneficial ownership of shares of Common Stock, and shares outstanding, as of January 29, 2011.

(c) Includes the following number of shares issuable within 60 days of January 29, 2011, upon the exercise or vesting of outstanding stock awards: Mr. Burgdoerfer, 115,941; Dr. Kollat, 1,199; Ms. Neal, 36,414; Ms. Ramsey, 73,046; Mr. Redgrave, 65,959; Mr. Tessler, 299; Ms. Turney, 127,148; Mrs. Wexner, 2,398; Mr. Wexner, 2,135,426 (includes 2,398 shares issuable to Mrs. Wexner); Mr. Zimmerman, 1,199; and all directors and executive officers as a group, 2,556,631.

(d) Includes the following number of deferred stock units credited to directors' accounts under the 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors that could be convertible into Common Stock within 60 days after termination from the Board: Mr. Hersch, 37,070; Mr. Heskett, 54,041; Ms. James, 19,139; Mr. Loomis, 51,618; Mr. Miro, 42,602; and Mr. Zimmerman, 55,138.

(e) Includes 9,464,446 shares held by Linden Trust for which Mr. Hersch is trustee. Excludes 2,875,491 shares held by each of Cyprus Trust and Dogwood Trust for which Mr. Hersch is co-trustee and as to which Mr. Hersch disclaims beneficial ownership.

(f) Excludes 41,515,347 shares beneficially owned by Mr. Wexner as to which Mrs. Wexner disclaims beneficial ownership. Includes 2,875,491 shares held by Dogwood Trust as to which Mrs. Wexner shares voting and investment power with others; 478,115 shares held by Wexner Children's Trust II; and 500,000 shares held by Wexner Family Charitable Fund. Includes 7,840,743 shares directly owned by Mrs. Wexner.

Proxy Statement

(g) Includes 1,564,089 shares held in the Limited Brands Savings and Retirement Plan (as of December 31, 2010), over which Mr. Wexner has investment but not voting power.

(h) Includes 2,875,491 shares held by Cyprus Trust; 2,875,491 shares held by Dogwood Trust; 9,464,446 shares held by Linden Trust; and 500,000 shares held by Wexner Family Charitable Fund. Mr. Wexner shares voting and investment power with others with respect to shares held by Cyprus Trust, Dogwood Trust, Linden Trust and the Wexner Family Charitable Fund. Includes 4,892,608 shares held by Mr. Wexner as the sole stockholder, director and officer of Wexner Personal Holdings Corporation. Includes 7,840,743 shares directly owned by Mrs. Wexner. Mr. Wexner may be deemed to share voting and investment power with respect to the shares directly owned by Mrs. Wexner. Includes 20,585,685 shares directly owned by Mr. Wexner.

(i) Includes 2,400 shares which are Mr. Zimmerman's pro rata share of 7,200 shares owned by a corporation of which Mr. Zimmerman is president and a 33% stockholder.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Limited Brands' executive officers and directors, and persons who own more than ten percent of a registered class of Limited Brands' equity securities, must file reports of ownership and changes in ownership of Limited Brands' equity securities with the Commission. Copies of those reports must also be furnished to Limited Brands. Based solely on a review of the copies of reports furnished to Limited Brands and written representations of the Company's executive officers and directors that no other reports were required, we believe that during fiscal 2010 our executive officers, directors and greater than ten percent beneficial owners complied with these filing requirements, with the exception that Ms. Neal was late in filing one Form 4 reporting one transaction and, due to the Company's administrative error, Ms. Turney and Messrs. Hersch, Loomis, Miro and Zimmerman each were late in filing one Form 4 reporting one transaction.

SHARE OWNERSHIP OF PRINCIPAL STOCKHOLDERS

The following table sets forth the names of all persons who, as of the date indicated below, were known by Limited Brands to be the beneficial owners (as defined in the rules of the Commission) of more than 5% of the shares of Common Stock.

Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class(4)
Leslie H. Wexner(1) Three Limited Parkway P.O. Box 16000 Columbus, OH 43216	53,212,094	16.5%
Janus Capital Management LLC(2) 151 Detroit Street Denver, CO 80206	34,414,980	10.6%
BlackRock, Inc.(3) 40 East 52nd Street New York, NY 10022	24,677,034	7.6%

(1) For a description of Mr. Wexner's beneficial ownership, see "Security Ownership of Directors and Management" on pages 59 and 60.

(2) As of December 31, 2010, based on information set forth in the Schedule 13G filed February 14, 2011 by Janus Capital Management LLC. Janus Capital Management LLC has sole dispositive power over 26,494,960 shares and sole voting power over 26,494,960 shares.

(3) As of December 31, 2010, based on information set forth in the Schedule 13G filed February 7, 2011 by BlackRock, Inc. BlackRock, Inc. has sole dispositive power over 23,344,034 shares and sole voting power over 23,344,034 shares.

(4) Based on the number of shares outstanding as of January 29, 2011.

REPORT OF THE AUDIT COMMITTEE

As provided in our written charter, the Audit Committee is instrumental in the Board's fulfillment of its oversight responsibilities relating to (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the qualifications, independence and performance of the Company's independent auditors and (iv) the performance of the Company's internal audit function. We have the sole authority to appoint, compensate, retain, oversee and terminate the Company's independent auditors. We pre-approve the audit services and non-audit services to be provided by the Company's independent auditors. In addition, we evaluate the independent auditors' qualifications, performance and independence and present our conclusions with respect to the independent auditors to the full Board on at least an annual basis.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Furthermore, while we are responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the responsibility of the CEO and senior management to determine the appropriate level of the Company's exposure to risk.

We have reviewed and discussed Limited Brands' audited financial statements as of and for the year ended January 29, 2011 and met with both management and our independent auditors to discuss the financial statements. Management has represented to us that the financial statements were prepared in accordance with generally accepted accounting principles. We have reviewed with the internal auditors and independent auditors the overall scope and plans for their respective audits. We also met with the internal auditors and independent auditors, with and without management present, to discuss the results of their examinations and their evaluations of the Company's internal controls.

We have also discussed with the independent auditors all matters required to be discussed with audit committees by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Company's independent auditors also provided to us the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence, and we discussed with the independent auditors their independence from the Company. We considered whether the provision of non-audit services by the independent auditors to the Company is compatible with maintaining their independence.

Based on the reviews and discussions summarized in this Report, and subject to the limitations on our role and responsibilities, certain of which are referred to above and in the Audit Committee charter, we recommended to the Board that Limited Brands' audited financial statements be included in our annual report on Form 10-K for the year ended January 29, 2011 for filing with the Commission.

We have appointed Ernst & Young LLP as Limited Brand's independent registered public accountants.

Audit Committee

Donna A. James, Chair
William R. Loomis, Jr.
Allan R. Tessler
Raymond Zimmerman

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

During our 2010 fiscal year, Ernst & Young LLP served as the Company's independent registered public accountants and in that capacity rendered an opinion on our consolidated financial statements as of and for the fiscal year ended January 29, 2011. The Audit Committee annually reviews the selection of independent registered public accountants and has selected Ernst & Young LLP as the Company's independent registered public accountants for the current fiscal year.

Audit Fees

The aggregate audit fees payable to Ernst & Young LLP for the fiscal years ended 2010 and 2009 were approximately $4,233,000 and $5,041,000 respectively. These amounts include fees for professional services rendered by Ernst & Young LLP in connection with the audit of our consolidated financial statements and reviews of our unaudited consolidated interim financial statements as well as fees for services that generally only the independent auditor can reasonably be expected to provide, including comfort letters and consultation regarding financial accounting and/or reporting standards. These amounts also include fees for services rendered in connection with the audit of our internal control over financial reporting and fees for services rendered in connection with statutory audits of our international subsidiaries' financial statements.

Audit Related Fees

The aggregate fees for assurance and related services rendered by Ernst & Young LLP that were reasonably related to the audit of our consolidated financial statements for the fiscal years ended 2010 and 2009 were approximately $173,000 and $206,000, respectively. The fees under this category are for assurance and related services that are traditionally performed by the independent auditor and include audits of employee benefit plans, agreed upon procedures and other attest engagements.

Tax Fees

The aggregate fees for tax services rendered by Ernst & Young LLP for the fiscal years ended 2010 and 2009 were approximately $1,246,000 and $10,000, respectively. Tax fees include tax compliance and advisory services.

All Other Fees

Other than as described above, there were no other services rendered by Ernst & Young LLP for the fiscal years ended 2010 or 2009.

Pre-approval Policies and Procedures

The Audit Committee pre-approves all audit and non-audit services to be provided by Ernst & Young LLP in a given fiscal year.

OTHER MATTERS

The Board of Directors knows of no other matters to be brought before the annual meeting. However, if other matters should come before the meeting, each of the persons named as a proxy intends to vote in accordance with his or her judgment on such matters.

STOCKHOLDER PROPOSALS FOR NEXT YEAR

Stockholder Proposals Pursuant to Rule 14a-8

Proposals submitted for inclusion in the proxy statement for the 2012 annual meeting must be received by the Secretary of Limited Brands at our principal executive offices on or before the close of business on December 13, 2011.

Other Stockholder Proposals

If a stockholder intends to present a proposal or nominate a person for election as a director at the 2012 annual meeting other than as described above, the stockholder must comply with the requirements set forth in our Bylaws. The Bylaws require, among other things, that the Secretary receive written notice of the intent to present a proposal or nomination no earlier than February 26, 2012 and no later than March 27, 2012. The notice must contain the information required by the Bylaws.

SOLICITATION EXPENSES

We will pay the expense of preparing, assembling, printing and mailing the proxy form and the form of material used in solicitation of proxies. Our directors or employees may solicit proxies by telephone, facsimile and personal solicitation, in addition to the use of the mail. We do not expect to pay any compensation for the solicitation of proxies.

By Order of the Board of Directors

Leslie H. Wexner
Chairman of the Board

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Appendix A

LIMITED BRANDS, INC.
2011 STOCK OPTION AND PERFORMANCE INCENTIVE PLAN

ARTICLE I
ESTABLISHMENT AND PURPOSE

1.01. *Establishment and Effective Date*. Effective on May 26, 2011, Limited Brands, Inc., a Delaware corporation (including any successor in name or interest thereto, the "**Company**"), established this stock incentive plan known as the "Limited Brands, Inc. 2011 Stock Option and Performance Incentive Plan." (the "**Plan**").

1.02. *Purpose*. The Company desires to attract and retain the best available executive and key management associates, consultants and other advisors, for itself and its subsidiaries and affiliates and to encourage the highest level of performance by such associates in order to serve the best interests of the Company and its stockholders. The Plan is expected to contribute to the attainment of these objectives by offering eligible associates, consultants and other advisors the opportunity to acquire stock ownership interests in the Company, and other rights with respect to stock of the Company, and to thereby provide them with incentives to put forth maximum effort for the success of the Company and its subsidiaries.

ARTICLE II
AWARDS

2.01. *Form of Awards*. Awards under the Plan may be granted in any one or all of the following forms: (i) incentive stock options ("**Incentive Stock Options**") meeting the requirements of Code Section 422; (ii) nonstatutory stock options ("**Nonstatutory Stock Options**") (unless otherwise indicated, references in the Plan to Options shall include both Incentive Stock Options and Nonstatutory Stock Options); (iii) stock appreciation rights ("**Stock Appreciation Rights**"), as described in Article VII, which may be awarded either in tandem with Options ("**Tandem Stock Appreciation Rights**") or on a stand-alone basis ("**Nontandem Stock Appreciation Rights**"); (iv) units representing shares of common stock of the Company ("**Common Stock**") which are restricted as provided in Article XI ("**Restricted Share Units**"); (v) units representing shares of Common Stock, as described in Article XII ("**Performance Units**") and (vi) shares of unrestricted Common Stock ("**Unrestricted Shares**"), as described in Article XIV. In addition, awards may be granted as "Substitute Awards," which are awards granted in assumption of, or in substitution for, any outstanding awards previously granted by a company acquired by the Company (or a subsidiary or affiliate thereof) or with which the Company (or a subsidiary or affiliate thereof) combines. Substitute Awards shall be granted in accordance with procedures complying with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations thereunder.

2.02. *Maximum Shares Available*. The maximum aggregate number of shares of Common Stock available for award under this Plan as of the Plan's effective date is 7,000,000 subject to adjustment pursuant to Article XV, plus shares of Common Stock issuable upon the exercise of Substitute Awards, plus the number of shares of Common Stock reserved for issuance under the 1993 Stock Option and Performance Plan (the "**Preexisting Plan**") to the extent (A) that such shares were available for grants of awards under the Preexisting Plan immediately prior to the Plan's effective date or (B) that were subject to outstanding awards under the Preexisting Plan on the Plan's effective date and thereafter an event occurs (including expiration or forfeiture) which would result in such shares again being available for awards under the Plan (as determined below). All shares available for award under the Plan may be awarded in the form of Incentive Stock Options. Shares of

Common Stock issued pursuant to the Plan may be either authorized but unissued shares or issued shares reacquired by the Company. In the event that prior to the end of the period during which Options may be granted under the Plan, any Option or any Nontandem Stock Appreciation Right granted under the Plan or Preexisting Plan or granted and outstanding under the Plan or Preexisting Plan expires unexercised or is terminated, surrendered or canceled (other than in connection with the exercise of a Stock Appreciation Right) without being exercised in whole or in part for any reason, or any Restricted Share Units or Performance Units are forfeited, or if such awards are settled in cash in lieu of shares of Common Stock, then the shares to which any such award relates may, at the discretion of the Committee (as defined below) to the extent permissible under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "**Act**"), be made available for subsequent awards under the Plan, upon such terms as the Committee may determine; *provided, however*, that the foregoing shall not apply to or in respect of Substitute Awards.

ARTICLE III

ADMINISTRATION

3.01. *Committee*. The Plan shall be administered by a Committee (the "**Committee**") appointed by the Company's Board of Directors (the "**Board**") and consisting of not less than two (2) members of the Board. Each member of the Committee shall be an "outside director" (within the meaning of Code Section 162(m)), a "non-employee director" (within the meaning of Rule 16b-3(b)(3)(i) under the Act) and "independent" to the extent required by applicable law or rules of the New York Stock Exchange.

3.02. *Powers of Committee*. Subject to the express provisions of the Plan, the Committee shall have the power and authority (i) to grant Options and to determine the purchase price of the Common Stock covered by each Option, the term of each Option, the number of shares of Common Stock to be covered by each Option and any performance objectives or vesting standards applicable to each Option; (ii) to designate Options as Incentive Stock Options or Nonstatutory Stock Options and to determine which Options, if any, shall be accompanied by Tandem Stock Appreciation Rights; (iii) to grant Tandem Stock Appreciation Rights and Nontandem Stock Appreciation Rights and to determine the terms and conditions of such rights; (iv) to grant Restricted Share Units and to determine the term of the restricted period and other conditions and restrictions applicable to such shares; (v) to grant Performance Units and to determine the performance objectives, performance periods and other conditions applicable to such units; (vi) to grant Unrestricted Shares; and (vii) to determine the associates to whom, and the time or times at which, Options, Stock Appreciation Rights, Restricted Share Units, Performance Units and Unrestricted Shares shall be granted.

3.03. *Delegation*. The Committee may delegate to one or more of its members or to any other person or persons such ministerial duties as it may deem advisable; *provided, however*, that the Committee may not delegate any of its responsibilities hereunder if such delegation will cause (i) transactions under the Plan to fail to comply with Section 16 of the Act or (ii) the Committee to fail to qualify as "outside directors" under Code Section 162(m). The Committee may also employ attorneys, consultants, accountants or other professional advisors and shall be entitled to rely upon the advice, opinions or valuations of any such advisors.

3.04. *Interpretations*. The Committee shall have sole discretionary authority to interpret the terms of the Plan, to adopt and revise rules, regulations and policies to administer the Plan and to make any other factual determinations which it believes to be necessary or advisable for the administration of the Plan. All actions taken and interpretations and determinations made by the Committee in good faith shall be final and binding upon the Company, all associates who have received awards under the Plan and all other interested persons.

3.05. *Liability; Indemnification*. No member of the Committee, nor any person to whom duties have been delegated, shall be personally liable for any action, interpretation or determination made with respect to the Plan or awards made thereunder, and each member of the Committee shall be fully indemnified and protected by the

Company with respect to any liability he or she may incur with respect to any such action, interpretation or determination, to the extent permitted by applicable law and to the extent provided in the Company's Certificate of Incorporation and Bylaws, as amended from time to time.

ARTICLE IV

ELIGIBILITY

4.01. *Eligibility*. Any associate, consultant, director or other advisor of, or any other individual who provides services to (x) the Company or any subsidiary or affiliate or (y) any joint venture in which the Company or any subsidiary or affiliate holds at least a 40% interest, shall be eligible to be selected to receive a compensatory award under or to be a "participant" in the Plan. In determining the individuals to whom awards shall be granted and the number of shares to be covered by each award, the Committee shall take into account the nature of the services rendered by such individuals, their present and potential contributions to the success of the Company and its subsidiaries and such other factors as the Committee in its sole discretion shall deem relevant. The Committee shall ensure that Common Stock underlying any award hereunder qualifies as "service recipient stock," within the meaning of Code Section 409A and the regulations thereunder. "**Participant**" means any individual granted an award hereunder. No Participant may be granted in any calendar year awards covering more than 2,000,000 shares of Common Stock.

ARTICLE V

STOCK OPTIONS

5.01. *Grant of Options*. Options may be granted under the Plan for the purchase of shares of Common Stock. Options shall be granted in such form and upon such terms and conditions, including the satisfaction of corporate or individual performance objectives and other vesting standards, as the Committee shall from time to time determine. On or before the date of grant of an Option, the Committee shall designate the number of shares of Common Stock covered by such Option, the option price of such Option, and the recipient of the Option.

5.02. *Option Price*. The option price of each Option to purchase Common Stock shall be determined by the Committee not later than the date of the grant, but (except in the case of Substitute Awards) shall not be less than 100 percent of the Fair Market Value (as defined in Section 19.01) of the Common Stock subject to such Option on the date of grant. The option price so determined shall also be applicable in connection with the exercise of any Tandem Stock Appreciation Right granted with respect to such Option.

5.03. *Term of Options*. The term of each Option granted under the Plan shall not exceed ten (10) years from the date of grant, subject to earlier termination as provided in Articles IX and X, except as otherwise provided in Section 6.01 with respect to ten (10) percent stockholders of the Company.

5.04. *Exercise of Options*. Subject to the provisions of Article XIX ("Miscellaneous Provisions"), an Option may be exercised, in whole or in part, at such time or times as the Committee shall determine. The Committee may, in its discretion, accelerate the exercisability of any Option at any time. Options may be exercised by a Participant by giving notice to the Committee, in writing or in such other manner as the Committee may permit, stating the number of shares of Common Stock with respect to which the Option is being exercised and tendering payment therefor. Payment for the shares of Common Stock issuable upon exercise of the Option shall be made in full in cash or by certified check or, if the Committee, in its sole discretion, permits, in shares of Common Stock (valued at Fair Market Value on the date of exercise). As soon as reasonably practicable following such exercise, a certificate representing the shares of Common Stock purchased, registered in the name of the Participant, shall be delivered to the Participant. Until the issuance of the shares of Common Stock, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the shares of Common Stock that are subject to the Option.

5.05. *Cancellation of Stock Appreciation Rights*. Upon exercise of all or a portion of an Option, the related Tandem Stock Appreciation Rights shall be canceled with respect to an equal number of shares of Common Stock.

ARTICLE VI

SPECIAL RULES APPLICABLE TO INCENTIVE STOCK OPTIONS

6.01. *Ten Percent Stockholder*. Notwithstanding any other provision of this Plan to the contrary, any associates who are full-time employees of the Company and its present and future subsidiaries, shall be eligible for awards of Incentive Stock Options. However, no such associate may receive an Incentive Stock Option under the Plan if such associate, at the time the award is granted, owns (after application of the rules contained in Code Section 424(d)) stock possessing more than ten (10) percent of the total combined voting power of all classes of stock of the Company or its subsidiaries, unless (i) the option price for such Incentive Stock Option is at least 110 percent of the Fair Market Value of the Common Stock subject to such Incentive Stock Option on the date of grant and (ii) such Option is not exercisable after the date five (5) years from the date such Incentive Stock Option is granted.

6.02. *Limitation on Grants*. The aggregate Fair Market Value (determined with respect to each Incentive Stock Option at the time such Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an associate during any calendar year (under this Plan or any other plan of the Company or a subsidiary) shall not exceed $100,000.

6.03. *Limitations on Time of Grant*. No grant of an Incentive Stock Option shall be made under this Plan more than ten (10) years after the earlier of the date of adoption of the Plan by the Board or the date the Plan is approved by stockholders.

ARTICLE VII

STOCK APPRECIATION RIGHTS

7.01. *Grants of Stock Appreciation Rights*. Tandem Stock Appreciation Rights may be awarded by the Committee in connection with any Option granted under the Plan, at the time the Option is granted, and shall be subject to the same terms and conditions as the related Option, except that the medium of payment may differ. Nontandem Stock Appreciation Rights may be granted by the Committee at any time. On or before the date of grant of a Nontandem Stock Appreciation Right, the Committee shall specify the number of shares of Common Stock covered by such right, the base price of shares of Common Stock to be used in connection with the calculation described in Section 7.04 below, and the recipient of the award. Except in the case of a Substitute Award, the base price of a Nontandem Stock Appreciation Right shall be not less than 100 percent of the Fair Market Value of a share of Common Stock on the date of grant. Stock Appreciation Rights shall be subject to such terms and conditions not inconsistent with the other provisions of this Plan as the Committee shall determine.

7.02. *Limitations on Exercise*. Subject to the provisions of Articles IX, X and XIX, a Tandem Stock Appreciation Right shall be exercisable only to the extent that the related Option is exercisable and shall be subject to the same exercise period as the related Option, which shall be set forth in the applicable agreement on or before the date of grant. Upon the exercise of all or a portion of Tandem Stock Appreciation Rights, the related Option shall be canceled with respect to an equal number of shares of Common Stock. Shares of Common

Stock subject to Options, or portions thereof, surrendered upon exercise of a Tandem Stock Appreciation Right, shall not be available for subsequent awards under the Plan. Subject to the provisions of Article XIX, a Nontandem Stock Appreciation Right shall be exercisable during such period as the Committee shall determine, which shall be set forth in the applicable agreement on or before the date of grant.

7.03. *Term of Stock Appreciation Rights.* The term of each Stock Appreciation Right granted under the Plan shall not exceed ten (10) years from the date of grant, subject to earlier termination as provided in Articles IX and X.

7.04. *Surrender or Exchange of Tandem Stock Appreciation Rights*. A Tandem Stock Appreciation Right shall entitle the Participant to surrender to the Company unexercised the related option, or any portion thereof, and to receive from the Company in exchange therefor that number of shares of Common Stock having an aggregate Fair Market Value equal to (A) the excess of (i) the Fair Market Value of one (1) share of Common Stock as of the date the Tandem Stock Appreciation Right is exercised over (ii) the option price per share specified in such Option, multiplied by (B) the number of shares of Common Stock subject to the Option, or portion thereof, which is surrendered. Cash shall be delivered in lieu of any fractional shares.

7.05. *Exercise of Nontandem Stock Appreciation Rights*. The exercise of a Nontandem Stock Appreciation Right shall entitle the Participant to receive from the Company that number of shares of Common Stock having an aggregate Fair Market Value equal to (A) the excess of (i) the Fair Market Value of one (1) share of Common Stock as of the date on which the Nontandem Stock Appreciation Right is exercised over (ii) the base price of the shares covered by the Nontandem Stock Appreciation Right, multiplied by (B) the number of shares of Common Stock covered by the Nontandem Stock Appreciation Right, or the portion thereof being exercised. Cash shall be delivered in lieu of any fractional shares.

7.06. *Settlement of Stock Appreciation Rights*. As soon as is reasonably practicable after the exercise of a Stock Appreciation Right, the Company shall (i) issue, in the name of the Participant, stock certificates representing the total number of full shares of Common Stock to which the Participant is entitled pursuant to Section 7.03 or 7.04 hereof, and cash in an amount equal to the Fair Market Value, as of the date of exercise, of any resulting fractional shares and (ii) if the Committee causes the Company to elect to settle all or part of its obligations arising out of the exercise of the Stock Appreciation Right in cash pursuant to Section 7.06, deliver to the Participant an amount in cash equal to the Fair Market Value, as of the date of exercise, of the shares of Common Stock it would otherwise be obligated to deliver.

7.07. *Cash Settlement*. The Committee, in its discretion, may cause the Company to settle all or any part of its obligation arising out of the exercise of a Stock Appreciation Right by the payment of cash in lieu of all or part of the shares of Common Stock it would otherwise be obligated to deliver in an amount equal to the Fair Market Value of such shares on the date of exercise.

ARTICLE VIII

NONTRANSFERABILITY OF OPTIONS AND STOCK APPRECIATION RIGHTS

8.01. *Nontransferability of Options and Stock Appreciation Rights*. Except to the extent permitted under Section 8.02, no Option or Stock Appreciation Right may be transferred, assigned, pledged or hypothecated (whether by operation of law or otherwise), except as provided by will or the applicable laws of descent and distribution, and no Option or Stock Appreciation Right shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of an Option or a Stock Appreciation Right not specifically permitted herein shall be null and void and without effect. An Option or Stock Appreciation Right may be exercised by a Participant only during the Participant's lifetime, or following the Participant's death pursuant to Article X.

8.02. *Limited Exception to Nontransferability*. Notwithstanding Section 8.01, the Committee may determine that a Nonstatutory Stock Option may be transferred by a Participant to one or more members of such Participant's immediate family, to a partnership of which the only partners are members of such Participant's immediate family, or to a trust established by a Participant for the benefit of one or more members of such Participant's immediate family. For this purpose, immediate family means a Participant's spouse, parents, children, grandchildren and the spouses of such parents, children and grandchildren. A transferee described in this Section 8.02 may not further transfer such Nonstatutory Stock Option. A trust described in this Section 8.02 may not be amended to benefit any person other than a member of the Participant's immediate family. A Nonstatutory Stock Option transferred pursuant to this Section 8.02 shall remain subject to the provisions of the Plan, including, but not limited to, the provisions of Articles 9 and 10 relating to the effect on the Nonstatutory Stock Option of the Termination of Employment, disability or death of the Participant, and shall be subject to such other rules as the Committee shall determine.

ARTICLE IX

TERMINATION OF EMPLOYMENT

9.01. *Exercise after Termination of Employment*. "**Termination of Employment**" shall mean "separation from service" as that term is defined in Code Section 409A and the regulations thereunder. Except as the Committee may at any time provide, in the event that the employment of a Participant shall be terminated either by the Participant or by the Participant's employer (for reasons other than death, disability or Cause), any Option or Stock Appreciation Right granted to such Participant may be exercised (to the extent that the Participant was entitled to do so at the time of Participant's Termination of Employment) at any time within one (1) year after such Termination of Employment, but in no case later than the date of expiration of the original term of the Option or Stock Appreciation Right; *provided, however*, that if an Incentive Stock Option is not exercised within three (3) months following Termination of Employment, it shall be treated as a Nonstatutory Stock Option. If the Participant's employment is terminated by the Participant's employer for Cause, except as the Committee may at any time provide, any Option or Stock Appreciation Right may be exercised (to the extent that the Participant was entitled to do so at the time of the Termination of Employment) at any time within thirty (30) days after such Termination of Employment, but in no case later than the date of expiration of the original term of the Option or Stock Appreciation Right. Any Options or Stock Appreciation Rights that are not exercisable on the date of a Termination of Employment for any reason shall lapse. In no event may an Option or Stock Appreciation Right be exercised after the expiration of the original term of the Option or Stock Appreciation Right.

9.02. *Total Disability*. Except as the Committee may at any time provide, in the event that a Participant to whom an Option or Stock Appreciation Right has been granted under the Plan shall become totally disabled, such Option or Stock Appreciation Right may be exercised at any time within one (1) year after the Participant's Termination of Employment due to total disability, to the extent that the Participant was entitled to do so at the time of his Termination of Employment (it being understood that such termination occurs after nine (9) months of absence from work due to the total disability), but in no case later than the date of expiration of the original term of the Option or Stock Appreciation Right. Notwithstanding the foregoing, for purposes of exercising Incentive Stock Options, a Participant shall be deemed to have a Termination of Employment if the Participant is absent from work for three (3) months due to total disability, where the date of such Termination of Employment shall be the last date of active employment before the three (3) month period; in this event, if such Participant fails to exercise his or her Incentive Stock Option within three (3) months following such deemed Termination of Employment, such Incentive Stock Option shall be treated as a Nonstatutory Stock Option. For purposes hereof, "total disability" shall have the definition set forth in the Limited Brands, Inc. Long-Term Disability Plan, which definition is hereby incorporated by reference.

ARTICLE X

DEATH OF PARTICIPANT

10.01. *Death of Participant While Employed*. If a Participant to whom an Option or Stock Appreciation Right has been granted under the Plan shall die while employed by or otherwise providing services to the Company or one of its subsidiaries or affiliates, such Option or Stock Appreciation Right shall become fully exercisable by the Participant's beneficiary (as indicated on the appropriate form provided by the Company), or if no beneficiary is so indicated, then by the estate or person who acquires the right to exercise such Option or Stock Appreciation Right upon the Participant's death by bequest or inheritance. Such exercise may occur at any time within one (1) year after the date of the Participant's death (or such other period as the Committee may at any time provide), but in no case later than the date of expiration of the original term of the Option or Stock Appreciation Right.

10.02. *Death of Participant Following Termination of Employment*. If a Participant to whom an Option or Stock Appreciation Right has been granted under the Plan shall die after the date of the Participant's Termination of Employment, but before the end of the period provided under the Plan by which a terminated Participant may exercise such Option or Stock Appreciation Right, such Option or Stock Appreciation Right may be exercised, to the extent that the Participant was entitled to do so at the time of the Participant's death, by the Participant's beneficiary (as indicated on the appropriate form provided by the Company), or if no beneficiary is so indicated, then by the estate or person who acquires the right to exercise such Option or Stock Appreciation Right upon the Participant's death by bequest or inheritance. Such exercise may occur at any time within the period in which the terminated Participant could have exercised such Option or Stock Appreciation Right if the Participant had not died (or such other period as the Committee may at any time provide), but in no case later than the date of expiration of the original term of the Option or Stock Appreciation Right.

ARTICLE XI

RESTRICTED SHARE UNITS ("RSUs")

11.01. *Grant of Restricted Share Units*. The Committee may from time to time cause the Company to grant RSUs under the Plan to Participants, subject to such restrictions, conditions and other terms as the Committee may determine. For purposes of clarification, grants under the Plan whose terms and conditions are entitled "Restricted Stock" and "Restricted Shares" may in fact be grants of RSUs and will be treated in a manner consistent with RSUs. RSU awards represent an unfunded promise to pay the Participant a specified number of shares of Common Stock (or cash equivalent, as applicable) in the future if the conditions of the RSU award are satisfied and the RSU award is not otherwise forfeited prior to the stated date of delivery, under the terms and conditions applicable to such award.

11.02. *Restrictions*. At the time a grant of RSUs is made, the Committee shall establish a period of time (the "**Restricted Period**") applicable to such RSUs. Each grant of RSUs may be subject to a different Restricted Period. The Committee may, in its sole discretion, at the time a grant is made, prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the satisfaction of corporate or individual service or performance objectives, which shall be applicable to all or any portion of the RSUs. Except with respect to grants of RSUs intended to qualify as performance-based compensation for purposes of Code Section 162(m), the Committee may also, in its sole discretion, waive any restrictions applicable to all or a portion of such RSUs, provided that the applicable terms and conditions are set forth on or before the date of grant of the award to the extent required to comply with Code Section 409A and the regulations thereunder. None of the RSUs may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of. Unless otherwise provided under the terms of the award, upon the death of a Participant, any conditions applicable to RSUs which have been granted to such Participant will be deemed to have been satisfied at target and the Restricted Period, if any, applicable to Restricted RSUs held by such Participant, will be deemed to have expired. Unless otherwise provided under the terms of the award, upon the retirement of a Participant, the restrictions and conditions, if any, applicable to any RSUs which have been granted to such Participant will be deemed to have been satisfied with respect to that percentage of the RSUs equal to (i) the number of complete months between the first day of the Restricted Period and the date of the Participant's retirement, divided by (ii) the number of complete months in the Restricted Period. Any RSUs granted to a Participant for which the restrictions and conditions are not deemed to have expired pursuant to the preceding sentence shall be forfeited in accordance with Section 11.05. For purposes of this Article XI, "retirement" shall mean a Participant's Termination of Employment following the date on which a Participant has attained age 55 and completed seven years of service with the Company. An award may also provide for full or pro-rata vesting upon other events, such as upon a Change in Control or upon Termination of Employment as a result of total disability, or for other reasons, provided that any such applicable terms and conditions are set forth on or before the date of grant of the award.

11.03. [*Reserved*].

11.04. *Rights of Holders of Restricted Share Units*. Except as determined by the Committee not later than the date of grant of RSUs, Participants to whom RSUs have been granted shall not have the right to vote such shares or the right to receive any dividends with respect to such shares, except as provided in Section 11.08 with respect to dividend equivalents. All distributions, if any, received by a Participant with respect to RSUs as a result of any stock split-up, stock distribution, a combination of shares, or other similar transaction shall be subject to the restrictions of this Article XI and the adjustment provisions of Article XV.

11.05. *Forfeiture Upon Termination of Employment*. Except as provided in Section 11.02 and Article XVIII, and as the Committee may provide in the terms of any award on or before the date of grant, any RSUs granted to a Participant pursuant to the Plan shall be forfeited if the Participant experiences a Termination of Employment either by the Participant or the Participant's employer for reasons other than death prior to the expiration of the Restricted Period and the satisfaction of any other conditions applicable to such RSUs. In addition, if the Participant's Termination of Employment occurs as a result of retirement (as defined in Section 11.02), any RSUs which do not vest in accordance with Section 11.02 shall be forfeited.

11.06. *Delivery of Shares*. Unless an election is made under Section 11.08 to defer the settlement of RSUs, and unless otherwise provided in the terms of any award, upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Committee, RSUs shall be settled by delivery of a stock certificate for the number of shares associated with the award with respect to which the restrictions have expired or the terms and conditions have been satisfied to the Participant or the Participant's beneficiary or estate, as the case may be. Such payment in settlement shall be made promptly, but in any event not later then (i) the end of the year in which the Restricted Period ended and the conditions were satisfied or (ii) if later, the 15th day of the third calendar month following the date on which the Restricted Period ended, provided that the award holder will not be permitted, directly or indirectly, to designate the taxable year of settlement. The Participant may be required to execute a release of claims against the Company and its subsidiaries in this event. If an election is made under Section 11.08 to defer the settlement of RSUs, delivery shall occur as described here but upon the date or dates of delivery in accordance with Section 11.09 and the deferral election. Notwithstanding the above, if the Participant is a "specified employee," as that term is defined in Code Section 409A and the regulations thereunder, and is entitled to receive a payment upon Termination of Employment or on a date determinable based on the date of Termination of Employment (and not a pre-determined fixed date or schedule), then, except in the event of the Participant's death after such Termination of Employment, such payment shall be delayed by at least six (6) months after the date of such Participant's Termination of Employment to the extent required by Code Section 409A and the regulations thereunder.

11.07. *Performance-Based Objectives*. At the time of the grant of RSUs to a Participant, and prior to the beginning of the performance period to which performance objectives relate, the Committee may establish performance objectives based on any one or more of the following, which may be expressed with respect to the Company or one or more operating units or groups, as the Committee may determine: price of Common Stock, or the common stock of any affiliate, shareholder return, return on equity, return on investment, return on capital, sales productivity, comparable store sales growth, economic profit, economic value added, net income, operating income, gross margin, sales, free cash flow, earnings per share, operating company contribution or market share. These factors shall have a minimum performance standard below which, and a maximum performance standard above which, no payments will be made. These performance goals may be based on an analysis of historical performance and growth expectations for the business, financial results of other comparable businesses, and progress towards achieving the long-range strategic plan for the business. These performance goals and determination of results shall be based entirely on financial measures. The Committee shall specify how any performance objectives shall be adjusted to the extent necessary to prevent dilution or enlargement of any award as a result of extraordinary events or circumstances, as determined by the Committee, or to exclude the effects of extraordinary, unusual, or non-recurring items; changes in applicable laws, regulations, or accounting principles; currency fluctuations; discontinued operations; non-cash items, such as amortization, depreciation, or reserves; asset impairment; or any recapitalization, restructuring, reorganization, merger, acquisition, divestiture, consolidation, spin-off, split-up, combination, liquidation, dissolution, sale of assets, or other similar corporation transaction; *provided, however*, that no such adjustment will be made if the effect of such adjustment would cause an award to fail to qualify as performance-based compensation within the meaning of Code Section 162(m). The Committee may not use any discretion to modify award results except as permitted under Code Section 162(m). In addition, with respect to any RSUs granted that are intended to be "performance-based" for purposes of Code Section 162(m), such award shall not be payable upon Termination of Employment for any reason other than due to death, total disability (as defined in Article IX) or upon a Change in Control (as defined in Article XVIII), unless the payment is based on achievement of the associated performance objectives. To the extent that the award is subject to Code Section 409A, payment upon Termination of Employment in connection with a Change in Control must be made upon a Change in Control that satisfies the definition of "change in control event" in Code Section 409A and the regulations thereunder, unless otherwise permitted in satisfaction of the alternative payment rules under Code Section 409A and the regulations thereunder.

11.08. *Deferred Restricted Share Units*. The Committee may permit a Participant who has been designated to receive an RSU award to elect to defer the receipt of the shares in settlement of such RSU award as well as the form of payment of such deferred RSUs.

All elections under this Section 11.08 to defer the settlement of an RSU award must be made in accordance with the requirements of Code Section 409A and the regulations thereunder. Any election not in compliance with such requirements shall be treated as invalid and the deferral election shall be disregarded and distribution of the shares upon settlement of the awards shall be made as though the Participant did not elect to defer. For this purpose, an invalid deferral election shall include (but is not limited to) a deferral election that (i) is not executed (regardless of when received), (ii) is executed but received after the applicable irrevocable date or (iii) cannot otherwise become effective under applicable rules. If a valid deferral election is incomplete, the deferral election shall be honored and distribution of the shares attributable to the awards shall be made as though the Participant elected a deferred lump sum payment. For this purpose, a valid but incomplete deferral election is one that has been received and executed on or before the applicable irrevocable date, but does not indicate the form of payment (lump sum versus installments), or indicates an election for installment payments but not the number of installment payments. Unless the award agreement and terms and conditions accompanying specific awards indicate otherwise, or as otherwise provided in the Plan, the deferred RSUs shall be subject to the same restrictions, conditions and forfeiture provisions as the associated nondeferred RSUs.

Except as determined otherwise by the Committee on or before grant and as set forth in the terms and conditions accompanying such awards, during the Restricted Period with respect to RSUs, Participants shall not have the right to receive any dividends. After the end of the Restricted Period and prior to the time that shares of Common Stock are transferred to the Participant, within sixty (60) days after the date of payment of a dividend by the Company on its shares of Common Stock, the Participant shall be credited with "dividend equivalents" with respect to each outstanding RSU in an amount equal to the amount the Participant would have received as dividends if the RSUs were actual shares of Common Stock. Such dividend equivalents will be converted into additional RSUs based on the value of the Common Stock on the dividend payment date, in accordance with the procedures established by the Committee, and paid at the same time and in the same manner as the underlying RSUs.

At no time shall any assets of the Company be segregated for payment of RSUs hereunder. Participants who have elected to defer the settlement of RSUs shall at all times have the status of general unsecured creditors of the Company and shall not have any rights in or against specific assets of the Company. The Plan constitutes a mere promise by the Company to make payments attributable to RSUs in the future, in accordance with the applicable terms and conditions.

11.09. *Payment of Deferred Restricted Share Units*. RSUs are payable solely in shares of unrestricted Common Stock, and shall be paid in accordance with the terms of delivery under Section 11.06 and this Section 11.09. Shares attributable to deferred RSUs that are vested in accordance with the terms and conditions applicable to such awards shall be transferred to the Participant at the time and in the form as elected by the Participant and as set forth in the terms and conditions applicable to such awards, which shall be either in a single payment or in up to ten (10) installment payments.

If a lump sum distribution is elected, the payment shall be made on the date provided in, and in accordance with, the terms and conditions applicable to the award. If installment distributions are elected, the initial installment shall be paid on the date provided in, and in accordance with, the terms and conditions applicable to the award. Subsequent installments shall be made on each anniversary of the initial installment and shall continue for the duration of the selected distribution period. If the Participant dies prior to the time all shares have been distributed, distribution shall be made to the Participant's beneficiary or estate on the payment date provided in, and in accordance with, the terms and conditions applicable to the award. If Termination of Employment occurs during the Restricted Period, the terms and conditions shall set forth the rights of the Participant to payment, as well as the time and form of distribution of such awards, if any, to the Participant. A participant shall have no rights as a shareholder with respect to deferred RSUs until such time, if any, as shares of Common Stock are transferred to the Participant (or the Participant's beneficiary or estate, if applicable). Notwithstanding the above, if the Participant is a specified employee and is entitled to receive payment upon Termination of Employment or on a date determinable based on the date of Termination of Employment (and not a pre-determined fixed date or schedule), then, except in the event of the Participant's death after such Termination of Employment, such payment (or in the case of installments, the first payment) shall be delayed by at least six (6) months after the date of such Participant's Termination of Employment, to the extent required by Code Section 409A and the regulations thereunder; in this event, subsequent installment payments shall occur on the anniversary of the first delayed installment payment.

Provided that the terms and conditions applicable to a deferred RSU award permit it, a Participant may change the Participant's distribution election, provided such change in distribution election is made not less than 12 months before the date the payment (or in the case of installments, the first payment) is scheduled to be made, and is irrevocable after this date. Such an election may be made to change payment(s) from a single lump sum payment to installment payments, from installment payments to a single lump sum payment, or from one number of installment payments to another number of installment payments, by submitting such election to the Company; *provided*, (i) such election does not become effective until at least twelve (12) months after the date on which the election is made and (ii) except in the case of payment permissible upon the Participant's death, the payment (or in the case of installments the first payment) must be deferred for a period of not less than five (5) years from the date such payment would have been made or commenced if there had been no election to change the form of payment. For this purpose, all installment payments are treated as a single payment. Any election not made in accordance with such procedures shall be treated as invalid, and the change in distribution election shall be disregarded and distribution of the shares attributable to the awards shall be made as though the Participant did not elect to change the time and form of distribution. For this purpose, an invalid change in distribution election shall include (but is not limited to) an election that (i) is not executed (regardless of when received), (ii) is executed but received after the applicable irrevocable date or (iii) cannot otherwise become effective under applicable rules. If a valid change in distribution election is incomplete, the change in distribution election shall be honored and distribution of the shares attributable to the awards shall be made as though the associate elected a change in distribution to a deferred lump sum payment. For this purpose, a valid but incomplete change in distribution election is one that has been received and executed on or before the applicable irrevocable date, but does not indicate the form of payment (lump sum versus installments), or indicates an election for installment payments but not the number of installment payments.

ARTICLE XII

PERFORMANCE UNITS

12.01. *Award of Performance Units*. For each Performance Period (as defined in Section 12.02), Performance Units may be granted under the Plan to such Participants as the Committee shall determine. The award agreement covering such Performance Units shall specify a value for each Performance Unit or shall set forth a formula for determining the value of each Performance Unit at the time of payment (the "**Ending Value**"). If necessary to make the calculation of the amount to be paid to the Participant pursuant to Sections 12.03 and 12.04, the Committee shall also state in the award agreement the initial value of each Performance Unit (the "**Initial Value**"). The award agreement may also specify that each Performance Unit is deemed to be equivalent to one (1) share of Common Stock. Performance Units granted to a Participant shall be credited to an account (a "**Performance Unit Account**") established and maintained for such Participant.

12.02. *Performance Period*. "**Performance Period**" shall mean such period of time as shall be determined by the Committee in its sole discretion. Different Performance Periods may be established for different Participants receiving Performance Units. Performance Periods may run consecutively or concurrently.

12.03. *Right to Payment of Performance Units*. All applicable terms and conditions shall be set forth in the award agreement and/or in accompanying terms and conditions on or before the date of grant of Performance Units. With respect to each award of Performance Units under this Plan, the Committee shall specify performance objectives (the "**Performance Objectives**") which must be satisfied in order for the Participant to vest in the Performance Units which have been awarded to the Participant for the Performance Period. If the Performance Objectives established for a Participant for the Performance Period are partially but not fully met, the Committee may, nonetheless, in its sole discretion, determine that all or a portion of the Performance Units have vested but such determination shall not change the date of payment of the awards. If the Performance Objectives for a Performance Period are exceeded, the Committee may, in its sole discretion, grant additional, fully vested Performance Units to the Participant. On or before the date of grant, the Committee may also determine, in its sole discretion, that Performance Units awarded to a Participant shall become partially or fully vested upon the Participant's death, total disability (as defined in Article IX) or retirement (as defined in Section 11.02), or upon the Participant's Termination of Employment prior to the end of the Performance Period but such determination shall not change the date of payment of the awards. Performance Unit awards represent an unfunded promise to pay the Participant the value specified in the award agreement and/or applicable terms and conditions in the future if the conditions associated with the Performance Unit award are satisfied and the Performance Units are not otherwise forfeited prior to the stated date of payment, under the terms and conditions applicable to such award. The provisions of Section 11.07 shall apply to any Performance Units that are intended to qualify as performance-based in accordance with Code Section 162(m) and the regulations thereunder.

12.04. *Payment for Performance Units*. As soon as practicable following the end of a Performance Period but not later than 90 days after the end of a Performance Period, the Committee shall determine whether the Performance Objectives for the Performance Period have been achieved (or partially achieved to the extent necessary to permit partial vesting at the discretion of the Committee pursuant to Section 12.03). If the Performance Objectives for the Performance Period have been exceeded, the Committee shall determine whether additional Performance Units shall be granted to the Participant pursuant to Section 12.03. Within 90 days after the end of a Performance Period, provided the Committee determines the Performance Objectives have been achieved or partially achieved pursuant to Section 12.03, if the award agreement specifies that each Performance Unit is deemed to be equivalent to one (1) share of Common Stock, the Company shall pay to the Participant an amount with respect to each vested Performance Unit equal to the Fair Market Value of a share of Common Stock on such payment date or, if the Committee shall so specify at the time of grant, an amount equal to (i) the Fair Market Value of a share of Common Stock on the payment date less (ii) the Fair Market Value of a share of Common Stock on the date of grant of the Performance Unit. If the award agreement specifies a value for each Performance Unit or sets forth a formula for determining the value of each Performance Unit at the time of payment, then within 90 days after the end of a Performance Period, provided the Committee determines the Performance Objectives have been achieved or partially achieved pursuant to Section 12.03, the Company shall pay to the Participant an amount with respect to each vested Performance Unit equal to the Ending Value of the Performance Unit or, if the Committee shall so specify at the time of grant, an amount equal to (i) the Ending Value of the Performance Unit less (ii) the Initial Value of the Performance Unit. Payment shall be made entirely in cash, entirely in Common Stock or in such combination of cash and Common Stock as the Committee shall determine.

12.05. *Voting and Dividend Rights*. Except as the Committee may otherwise provide, no Participant shall be entitled to any voting rights, to receive any dividends, or to have his or her Performance Unit Account credited or increased as a result of any dividends or other distribution with respect to Common Stock. Notwithstanding the foregoing, to the extent provided or set forth in the award agreement and/or applicable terms and conditions on or before the date of grant of a Performance Unit award, within sixty (60) days after the date of payment of a dividend by the Company on its shares of Common Stock, a Participant's Performance Unit Account may be credited with additional Performance Units having an aggregate Fair Market Value equal to the dividend per share paid on the Common Stock multiplied by the number of Performance Units credited to the Participant's account at the time the dividend was declared. Subject to the prior satisfaction of the applicable Performance Objectives, payment of such additional Performance Units shall be made at the same time and in the same manner as the Performance Units to which they relate.

ARTICLE XIII

UNRESTRICTED SHARES

13.01. *Award of Unrestricted Shares*. The Committee may cause the Company to grant Unrestricted Shares to associates at such time or times, in such amounts and for such reasons as the Committee, in its sole discretion, shall determine. No payment shall be required for Unrestricted Shares.

13.02. *Delivery of Unrestricted Shares*. The Company shall issue, in the name of each Participant to whom Unrestricted Shares have been granted, stock certificates representing the total number of Unrestricted Shares granted to the associate, and shall deliver such certificates to the Participant on a fixed or objectively determinable date of payment, which shall be set forth at the time of grant.

13.03. *Deferred Share Units*. The Committee may permit a Participant who has been designated to receive an Unrestricted Share award to elect to receive such Unrestricted Share award in the form of Deferred Share Units.

Any such election must be made on or before December 31 of the calendar year prior to the year the compensation attributable to such award (or any portion of such award) is earned, and shall be irrevocable after such date, and further shall comply with the rules set forth in Section 11.08, which apply to deferral elections, including such rules relating to invalid and valid but incomplete deferral elections. Each "Deferred Share Unit" represents the right to receive a share of Common Stock in the future. At no time shall any assets of the Company be segregated for payment of Deferred Share Units hereunder. Participants who have elected to receive Unrestricted Shares in the form of Deferred Share Units shall at all times have the status of general unsecured creditors of the Company and shall not have any rights in or against specific assets of the Company. The Plan constitutes a mere promise by the Company to make payments on Deferred Share Units in the future.

After the award of Deferred Share Units to the Participant and prior to the time that shares of Common Stock are transferred to the Participant pursuant to Section 13.04, within sixty (60) days after the date of payment of a dividend by the Company on its shares of Common Stock, the Participant shall be credited with "dividend equivalents" with respect to each outstanding Deferred Share Unit in an amount equal to the amount the Participant would have received as dividends if the Deferred Share Units were actual shares of Common Stock. Such dividend equivalents will be converted into additional Deferred Share Units based on the value of the Common Stock on the dividend payment date, in accordance with the procedures established by the Committee, and paid at the same time and in the same manner as the underlying Deferred Share Units.

13.04. *Payment of Deferred Share Units*. Deferred Share Units are payable solely in shares of unrestricted Common Stock, and shall be paid in accordance with the terms of delivery under Section 13.03 and this Section 13.04. Shares applicable to such awards shall be transferred to the Participant at the time and in the form as elected by the Participant and as set forth in the terms and conditions applicable to such awards, which shall be either in a single payment or in up to ten (10) installment payments.

If a lump sum distribution is elected, the payment shall be made on the date provided in, and in accordance with, the terms and conditions applicable to the award. If installment distributions are elected, the initial installment shall be paid on the date provided in, and in accordance with, the terms and conditions applicable to the award. Subsequent installments shall be made on each anniversary of the initial installment and shall continue for the duration of the selected distribution period. If the Participant dies prior to the time all shares have been distributed, distribution shall be made to the Participant's beneficiary or estate on the payment date provided in, and in accordance with, the terms and conditions applicable to the award. A Participant shall have no rights as a shareholder with respect to Deferred Share Units until such time, if any, as shares of Common Stock are transferred to the Participant (or the Participant's beneficiary or estate, if applicable). Notwithstanding the above, if the Participant is a specified employee and is entitled to receive payment upon Termination of Employment or on a date determinable based on the date of Termination of Employment (and not a pre-determined fixed date or schedule), then, except in the event of the Participant's death after such Termination of Employment, such payment (or in the case of installments, the first payment) shall be delayed by at least six (6) months after the date of such Participant's Termination of Employment, to the extent required by Code Section 409A and the regulations thereunder; in this event, subsequent installment payments shall occur on the anniversary of the first delayed installment payment.

Provided that the terms and conditions applicable to a Deferred Share Unit award permit it, a Participant may change the Participant's distribution election, provided such change in distribution election shall comply with the procedures and rules set forth in Section 11.09 which apply to change in distribution elections, including such rules relating to invalid and valid but incomplete change in distribution elections.

ARTICLE XIV

CLAWBACK

14.01. *Clawback*. If the Committee determines in good faith either that: (i) if required by applicable law with respect to a Participant or (ii) (x) a Participant engaged in fraudulent conduct or activities relating to the Company, (y) a Participant has knowledge of such conduct or activities or (z) a Participant, based upon the Participant's position, duties or responsibilities, should have had knowledge of such conduct or activities, the Committee shall have the power and authority under the Plan to terminate without payment all outstanding awards under the Plan. If required by applicable law with respect to a Participant or if a Participant described in (ii) above has received any compensation pursuant to an award granted under the Plan that is based on or results from such conduct or activities, such Participant shall promptly reimburse to the Company a sum equal to either an amount required by such law or the amount of such compensation paid in respect of the year in which such conduct or activities occurred, as applicable.

ARTICLE XV

ADJUSTMENTS; REPRICING

15.01. *Adjustments*. Notwithstanding any other provision of the Plan, the Committee shall make or provide for such adjustments to the Plan, to the number and class of shares available thereunder or to any outstanding Options, Stock Appreciation Rights, RSUs, Performance Units or other awards as it shall deem appropriate to prevent dilution or enlargement of rights, including adjustments in the event of changes in the number of shares of outstanding Common Stock by reason of stock dividends, extraordinary cash dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations, liquidations and the like. However, any such adjustment with respect to Options and Stock Appreciation Rights shall satisfy the requirements of Reg. §1.409A-1(b)(5)(v)(D) and shall otherwise ensure that such awards continue to be exempt from Code Section 409A, and any such adjustment to awards that are subject to Code Section 409A, including RSUs and Performance Units, shall be made to the extent compliant with Code Section 409A and the regulations thereunder.

15.02. *Repricing*. Except as provided above in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other awards or Options or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Options or Stock Appreciation Rights without stockholder approval.

ARTICLE XVI

AMENDMENT AND TERMINATION

16.01. *Amendment and Termination*. The Board may suspend, terminate, modify or amend the Plan, provided that any amendment that would constitute a “material revision” of the Plan within the meaning of New York Stock Exchange Rule 303A(8) shall be subject to the approval of the Company’s stockholders. If the Plan is terminated, the terms of the Plan shall, notwithstanding such termination, continue to apply to awards granted prior to such termination. No suspension, termination, modification or amendment of the Plan may, without the consent of the Participant to whom an award shall theretofore have been granted, materially adversely affect the rights of such Participant under such award, except to the extent any such action is undertaken to cause the Plan to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

ARTICLE XVII

WRITTEN AGREEMENT

17.01. *Written Agreements*. Each award of Options, Stock Appreciation Rights, RSUs, Performance Units and Unrestricted Shares shall be evidenced by a written agreement, executed by the Participant and the Company, and containing such restrictions, terms and conditions, if any, as the Committee may require. In the event of any conflict between a written agreement and the Plan, the terms of the Plan shall govern.

ARTICLE XVIII

CHANGE IN CONTROL

18.01. *Definition of Change in Control*. For purposes of this Plan, a "**Change in Control**" means, and shall be deemed to have occurred upon, the occurrence of any of the following events:

(a) Any Person (other than an Excluded Person) becomes, together with all "affiliates" and "associates" (each as defined under Rule 12b-2 of the Act) the "beneficial owner" (as defined under Rule 13d-3 of the Act) of securities representing 33% or more of the combined voting power of the Voting Stock of the Company then outstanding, unless such Person becomes the "beneficial owner" of 33% or more of the combined voting power of such Voting Stock then outstanding solely as a result of an acquisition of such Voting Stock by the Company which, by reducing the Voting Stock of the Company outstanding, increases the proportionate Voting Stock beneficially owned by such Person (together with all "affiliates" and "associates" of such Person) to 33% or more of the combined voting power of the Voting Stock of the Company then outstanding; *provided* that if a Person shall become the "beneficial owner" of 33% or more of the combined voting power of the Voting Stock of the Company then outstanding by reason of such Voting Stock acquisition by the Company and shall thereafter become the "beneficial owner" of any additional Voting Stock of the Company which causes the proportionate voting power of Voting Stock beneficially owned by such Person to increase to 33% or more of the combined voting power of the Voting Stock of the Company then outstanding, such Person shall, upon becoming the "beneficial owner" of such additional Voting Stock of the Company, be deemed to have become the "beneficial owner" of 33% or more of the combined voting power of the Voting Stock then outstanding other than solely as a result of such Voting Stock acquisition by the Company;

(b) During any period of 24 consecutive months, individuals who at the beginning of such period constitute the Board of Directors of the Company (and any new Director, whose election by such Board or nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority of Directors then constituting such Board;

(c) A reorganization, merger or consolidation of the Company is consummated, in each case, unless, immediately following such reorganization, merger or consolidation, (i) more than 50% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the "beneficial owners" of the Voting Stock of the Company outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 33% or more of the voting power of the outstanding Voting Stock of the Company) beneficially owns, directly or indirectly, 33% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Board of Directors of the Company at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) The consummation of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to any corporation with respect to which, immediately following such sale or other disposition, (A) more than 50% of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the "beneficial owners" of the Voting Stock of the Company outstanding immediately prior to such sale or other disposition of assets, (B) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 33% or more of the voting power of the outstanding Voting Stock of the Company) beneficially owns, directly or indirectly, 33% or more of, respectively, the then-outstanding shares of common stock of such corporation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Board of Directors of the Company at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company or (ii) with respect to a Participant, if the Participant is part of a "group," within the meaning of Section 13(d)(3) of the Act as in effect on the Plan's effective date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a Person engaged in business as an underwriter of securities shall not be deemed to be the "beneficial owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty (40) days after the date of such acquisition. "**Excluded Person**" shall mean (i) the Company; (ii) any of the Company's subsidiaries; (iii) any Holding Company; (iv) any employee benefit plan of the Company, any of its subsidiaries or a Holding Company; or (v) any Person organized, appointed or established by the Company, any of its subsidiaries or a Holding Company for or pursuant to the terms of any plan described in clause (iv). "**Person**" shall mean any individual composition, partnership, limited liability company, associations, trust or other entity or organization. "**Holding Company**" shall mean an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then-outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the "beneficial owners," respectively, of the Voting Stock of the Company outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding Voting Stock of the Company. "**Voting Stock**" shall mean securities of the Company entitled to vote generally in the election of the Company's Board of Directors.

18.02. *Effect of Change in Control*. In the event that a Participant's employment or service is terminated by the Company other than for cause during the 24-month period beginning on the date of a Change in Control, (i) Options and Stock Appreciation Rights granted to such Participant which are not yet exercisable shall become fully exercisable; and (ii) any restrictions applicable to any RSUs awarded to such Participant shall be deemed to have been satisfied at target and the Restricted Period, if any, applicable to such RSUs held by such Participant shall be deemed to have expired. Notwithstanding the foregoing, or the provisions of Section 11.06, if the accelerated settlement of any RSU would cause the application of additional taxes under Code Section 409A, such RSU will be settled on the date it would otherwise have been settled in the absence of a Change in Control, unless the transaction constituting the Change in Control falls within the definition of a "change in control event" within the meaning of Code Section 409A and the regulations thereunder.

ARTICLE XIX

MISCELLANEOUS PROVISIONS

19.01. *Definitions: Fair Market Value and Cause*. "**Fair Market Value**," for purposes of this Plan, shall be the closing price of the Common Stock as reported on the principal exchange on which the shares are listed for the date on which the grant, exercise or other transaction occurs, or if there were no sales on such date, the most recent prior date on which there were sales. "**Cause**," for purposes of this Plan, shall mean that the Participant (1) was grossly negligent in the performance of the Participant's duties with the Company (other than a failure resulting from the Participant's incapacity due to physical or mental illness); (2) has plead "guilty" or "no contest" to or has been convicted of an act which is defined as a felony under federal or state law; or (3) engaged in misconduct in bad faith which could reasonably be expected to materially harm the Company's business or its reputation. The Participant shall be given written notice by the Company of a termination for Cause, which shall state in detail the particular act or acts or failures to act that constitute the grounds on which the termination for Cause is based.

19.02 *Awards to Participants Outside the United States*. The Committee may modify the terms of any outstanding or new award under the Plan granted to a Participant who is, at the time of grant or during the term of the award, resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such award shall conform to laws, regulations and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad, shall be comparable to the value of such an award to a Participant who is resident or primarily employed in the United States. An award may be modified under this Section 19.03 in a manner that is inconsistent with the express terms of the Plan, so long as such modifications will not contravene any applicable law or regulation

19.03. *Tax Withholding*. The Company shall have the right to require Participants or their beneficiaries or legal representatives to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements, or to deduct from all payments under this Plan amounts sufficient to satisfy all withholding tax requirements. Whenever payments under the Plan are to be made to a Participant in cash, such payments shall be net of any amounts sufficient to satisfy all federal, state and local withholding tax requirements. The Committee may, in its discretion, permit a Participant to satisfy the Participant's tax withholding obligation either by (i) surrendering shares of Common Stock owned by the Participant or (ii) having the Company withhold from shares of Common Stock otherwise deliverable to the Participant. Shares of Common Stock surrendered or withheld shall be valued at their Fair Market Value as of the date on which income is required to be recognized for income tax purposes. In the case of an award of Incentive Stock Options, the foregoing right shall be deemed to be provided to the Participant at the time of such award.

19.04. *Compliance With Section 16(b) and Code Section 162(m)*. In the case of Participants who are or may be subject to Section 16 of the Act, it is the intent of the Company that the Plan and any award granted hereunder satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 under the Act, so that such persons will be entitled to the benefits of Rule 16b-3 under the Act or other exemptive rules under Section 16 of the Act and will not be subjected to liability thereunder. If any provision of the Plan or any award would otherwise conflict with the intent expressed herein, that provision, to the extent possible, shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, such provision shall be deemed void as applicable to Participants who are or may be subject to Section 16 of the Act. If any award hereunder is intended to qualify as performance-based for purposes of Code Section 162(m), the Committee shall not exercise any discretion to increase the payment under such award except to the extent permitted by Code Section 162(m) and the regulations thereunder.

19.05. *Successors*. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and businesses of the Company. In the event of any of the foregoing, the Committee may, at its discretion prior to the consummation of the transaction, cancel, offer to purchase, exchange, adjust or modify any outstanding awards, at such time and in such manner as the Committee deems appropriate and in accordance with applicable law and the provisions of Article XV.

19.06. *General Creditor Status*. Participants shall have no right, title or interest whatsoever in or to any investments which the Participant may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant or beneficiary or legal representative of such Participant. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

19.07. *No Right to Employment*. Nothing in the Plan or in any written agreement entered into pursuant to Article XVII, nor the grant of any award, shall confer upon any Participant any right to continue in the employ of the Company or a subsidiary or to be entitled to any remuneration or benefits not set forth in the Plan or such written agreement or interfere with or limit the right of the Company or a subsidiary to modify the terms of or terminate such Participant's employment at any time.

19.08. *No Rights to Awards; No Rights to Additional Payments*. No Participant shall have any claim to be granted any award under the Plan, and there is no obligation for uniformity of treatment of Participants. All grants of awards and deliveries of Common Stock, cash or other property under the Plan shall constitute a special discretionary incentive payment to the Participant and shall not be required to be taken into account in computing any contributions to or any benefits under any retirement, profit-sharing, severance or other benefit plan of the Company or any subsidiary or affiliate, unless the Committee expressly provides otherwise in writing.

19.09. *Notices*. Notices required or permitted to be made under the Plan shall be sufficiently made if sent by registered or certified mail addressed (a) to the Participant at the Participant's address set forth in the books and records of the Company or its subsidiaries or (b) to the Company or the Committee at the principal office of the Company.

19.10. *Severability*. In the event that any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19.11. *Governing Law*. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

19.12. *Term of Plan*. Unless earlier terminated pursuant to Article XVI hereof, the Plan shall terminate on May 25, 2021.

LIMITED BRANDS, INC.

2011 CASH INCENTIVE COMPENSATION PERFORMANCE PLAN

Limited Brands, Inc., a Delaware corporation (including any successor in name or interest thereto, "**Limited Brands**"), hereby adopts the Limited Brands, Inc. 2011 Cash Incentive Compensation Performance Plan (the "**Plan**") for the purpose of enhancing the Company's ability to attract and retain highly qualified executive and managerial-level associates and to provide additional financial incentives to such associates to promote the success of the Company and its subsidiaries. Incentive Compensation payable under the Plan to Section 162(m) Executives (as defined below) is intended to constitute qualified "performance-based compensation" for purposes of Section 162(m) of the Code, and the Plan shall be construed consistently with such intention. However, the Company reserves the right to pay discretionary bonuses, or other types of compensation outside of the Plan, including under the Company's then effective Stock Option and Performance Incentive Plan or otherwise.

1. ***Definitions***. As used herein, the following terms shall have the respective meanings indicated:

(a) "*Board*" shall mean the Board of Directors of the Company.

(b) "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor federal internal revenue law, along with related rules, regulations and interpretations.

(c) "*Common Stock*" shall mean the common stock, $0.50 par value per share, of the Company.

(d) "*Committee*" shall mean the Compensation Committee of the Board or such other committee or subcommittee appointed by the Board to administer the Plan that in the case of any actions taken with respect to any Incentive Compensation payable to any Section 162(m) Executive is comprised of not less than two directors of the Company, each of whom shall qualify in all respects as an "outside director" within the meaning of Section 162(m) of the Code.

(e) "*Company*" shall mean, collectively, Limited Brands and its subsidiaries.

(f) "*Incentive Compensation*" shall mean, for each Participant, compensation to be paid in the amount determined by the Committee pursuant to Section 6 below.

(g) "*Participant*" means, with respect to any fiscal year, an associate who is eligible to participate in the Plan for such fiscal year in accordance with Section 3.

(h) "*Performance Goal*" shall mean the performance goals established by the Committee pursuant to Section 4 hereof.

(i) "*Performance Period*" shall mean each Spring or Fall selling season or the fiscal year of the Company, or any other period of time (not less than one (1) calendar quarter or more than five (5) years) as will be established by the Committee pursuant to Section 4 of this Plan within which the Performance Goals relating to any award of Incentive Compensation are to be achieved. Any Performance Period may be subject to earlier lapse or other modification pursuant to Section 11 of this Plan in the event of Termination without Cause, resignation for Good Reason, Retirement, death or disability of the Participant or a Change in Control.

(j) "*Section 162(m) Executive*" shall mean any individual who the Committee determines, in its discretion, is or may be a "covered employee" of the Company within the meaning of Section 162(m) of the Code.

2. ***Administration of the Plan***. The Plan shall be administered by the Committee, which shall have full power and authority to construe, interpret and administer the Plan and shall have the exclusive right to establish, adjust, pay or decline to pay Incentive Compensation for each Participant. Such power and authority shall include the right to exercise discretion to reduce by any amount the Incentive Compensation payable to any Participant;

provided, however, that the exercise of such discretion with respect to any Participant who is a Section 162(m) Executive shall not have the effect of increasing the Incentive Compensation that is payable to any other Section 162(m) Executive. Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant and any person claiming any benefit or right under the Plan.

3. ***Eligibility***. All Section 162(m) Executives shall be Participants in the Plan unless the Committee, in its sole and absolute discretion, designates that a Section 162(m) Executive shall not be eligible for participation in the Plan for a fiscal year. In addition, all other associates designated by the Committee or other authorized individuals are eligible to participate in the Plan and shall be Participants.

4. ***Awards***. The Committee shall establish Performance Goals with respect to each Performance Period. The Performance Goals for a Performance Period must be established, in writing, no later than forty-five (45) days after the commencement of any Performance Period based on the Spring or Fall selling season, and, for any other Performance Period, no later than the lesser of either ninety (90) days or the number of days equal to 25 percent of the Performance Period after the commencement of the Performance Period.

The Performance Goals established by the Committee shall be based on specified levels of or changes in any one or more of the following criteria, which may be expressed with respect to the Company or one or more operating units or groups, as the Committee may determine: price of Common Stock, or the common stock of any affiliate, shareholder return, return on equity, return on investment, return on capital, sales productivity, comparable store sales growth, economic profit, economic value added, net income, operating income, gross margin, sales, free cash flow, earnings per share, operating company contribution or market share. Performance Goals for a Performance Period shall include a minimum performance standard below which no payments of Incentive Compensation will be made, and a maximum performance standard in which any performance that exceeds this standard will not increase the payment of Incentive Compensation. These Performance Goals may be based on an analysis of historical performance and growth expectations for the business, financial results of other comparable businesses, and progress towards achieving the strategic plan for the business, or any other factors as determined by the Committee. Performance Goals shall be adjusted by the Committee for the following items, but only to the extent such adjustment would not cause a payment of Incentive Compensation to fail to qualify as performance-based compensation within the meaning of Section 162(m) of the Code:

(i) all items of gain, loss or expense for the Performance Period determined to be extraordinary or unusual in nature or infrequent in occurrence;

(ii) all items related to the disposal of a component of an entity or related to a change in accounting principles, as such are defined by generally accepted accounting principles and as identified in the Company's audited financial statements, notes to such financial statements, in management's discussion and analysis or any other filings with the Securities and Exchange Commission;

(iii) impact from changes in accounting policies approved by the Audit Committee of the Board that were not contemplated in the initial Incentive Compensation targets;

(iv) all items of gain, loss or expense for the Performance Period related to an exit activity as defined under current generally accepted accounting principles;

(v) all items of gain, loss or expense for the Performance Period related to discontinued operations as defined under current generally accepted accounting principles;

(vi) any profit or loss attributable to the business operations of any entity acquired or divested by the Company during the Performance Period;

(vii) write-offs, accelerated depreciation or other operating expenses at the participating subsidiary level related to the testing of a new brand concept, not included in the original Incentive Compensation targets;

(viii) impacts from unanticipated changes in legal or tax structure or unanticipated changes in jurisdictional tax rates of a participating subsidiary; and

(ix) changes in applicable tax law.

Annual Incentive Compensation targets shall be established for Participants ranging from 0% to 300% of each Participant's base salary (provided that the maximum projected adjustment that might be made during the Performance Period in the referenced amount of base salary of a Section 162(m) Executive is included in the initially established Performance Goal formula, so that no adjustment in base salary during the Performance Period could result in the loss of the otherwise available exemption of the Incentive Compensation under Section 162(m) of the Code). In the case of an award of Incentive Compensation to any Section 162(m) Executive, the terms of the objective formula or standard setting such targets must prevent any discretion from being exercised by the Committee to later increase the amount payable that would otherwise be due upon attainment of the targets, but may allow discretion to decrease the amount payable, including discretion that is exercised through the establishment of additional objective or subjective goals. Participants may earn their target Incentive Compensation if the business achieves the pre-established Performance Goals. The target Incentive Compensation percentage for each Participant will be based on the level and functional responsibility of his or her position, size of the business for which the Participant is responsible, and competitive practices. The amount of Incentive Compensation paid to Participants may range from zero to double their targets, based upon the extent to which Performance Goals are achieved or exceeded. Except as otherwise permitted by Section 162(m) of the Code, the minimum level at which a Participant will earn any Incentive Compensation, the level at which a Participant will earn the maximum Incentive Compensation of double the target, and the interpolation guidelines for calculating payments within that range must be established by the Committee, in writing, within forty-five (45) days after the commencement of any Performance Period based on the Spring or Fall selling season, and, for any other Performance Period, no later than the lesser of either ninety (90) days or the number of days equal to 25 percent of the Performance Period after the commencement of the Performance Period.

5. ***Committee Certification***. As soon as reasonably practicable after the end of each Performance Period, and prior to the payment of any Incentive Compensation to a Section 162(m) Executive, the Committee shall certify, in writing, that the Performance Goals for such Performance Period were satisfied.

6. ***Payment of Incentive Compensation***. The selection of Participants to whom Incentive Compensation shall actually be paid shall be conditioned upon each Participant's continued employment with the Company through the last day of the Performance Period. The amount of the Incentive Compensation actually paid to a Participant for a Performance Period shall be such amount as determined by the Committee in its sole discretion, including zero, provided that the maximum aggregate actual payment for all Incentive Compensation awards payable to any Participant in any fiscal year of the Company shall be $15,000,000. For the purpose of calculating this fiscal year limit, the Award for any Performance Period of less than one year is deemed to be payable on the last day of the Performance Period, and the Award for any Performance Period of over one year is deemed to be payable ratably over the Performance Period. If, after amounts have been earned with respect to Incentive Compensation awards, the payment of such amounts is deferred, any additional amounts attributable to earnings during the deferral period shall be disregarded for purposes of this limit. Subject to the last sentence of this Section 6 and to Section 11 below, Incentive Compensation shall be paid in cash at such times and on such terms as are determined by the Committee in its sole and absolute discretion, but in no event later than sixty (60) days following the end of the Performance Period to which such Incentive Compensation relates. To the extent provided by the Committee, in its sole discretion, the annual Incentive Compensation may be paid in the form of shares of Common Stock under the Company's then-effective Stock Option and Performance Incentive Plan, or may be deferred under the Company's then-effective Supplemental Retirement Plan, subject to the terms and conditions of such plans.

7. ***No Right to Bonus or Continued Employment; Clawback***.

(a) Neither the establishment of the Plan, the provision for or payment of any amounts hereunder, nor any action of the Company, the Board or the Committee with respect to the Plan shall be held or construed to confer upon any person (a) any legal right to receive, or any interest in, an Incentive Compensation or any other benefit under the Plan or (b) any legal right to continue to serve as an officer or associate of the Company or any affiliate of the Company.

(b) If the Committee determines in good faith either that: (i) if required by applicable law with respect to a Participant or (ii) (x) a Participant engaged in fraudulent conduct or activities relating to the Company, (y) a Participant has knowledge of such conduct or activities or (z) a Participant, based upon the Participant's position, duties or responsibilities, should have had knowledge of such conduct or activities, the Committee shall have the power and authority under the Plan to terminate without payment all outstanding incentive awards under the Plan. If required by applicable law with respect to a Participant or if a Participant described in (ii) above has been paid Incentive Compensation that is based on or results from such conduct or activities, such Participant shall promptly reimburse to the Company a sum equal to either an amount required by such law or the amount of such Incentive Compensation paid in respect of the year in which such conduct or activities occurred, as applicable.

8. ***Withholding***. The Company shall have the right to withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any applicable federal, state, local or foreign withholding tax requirements imposed with respect to the payment of any Incentive Compensation. The Company shall also have the right to withhold from Incentive Compensation any amounts that may be required to be withheld from other taxable noncash compensation or taxable reimbursements payable to a Participant that may themselves have not been subjected to withholding at the time of payment.

9. ***Nontransferability***. Except as expressly provided by the Committee, the rights and benefits under the Plan are personal to the Participant and shall not be subject to any voluntary or involuntary alienation, assignment, pledge, transfer or other disposition.

10. ***Unfunded Plan***. The Company shall have no obligation to reserve or otherwise fund in advance any amounts that are or may in the future become payable under the Plan. Any funds that the Company, acting in its sole and absolute discretion, determines to reserve for future payments under the Plan may be commingled with other funds of the Company and need not in any way be segregated from other assets or funds held by the Company. A Participant's rights to payment under the Plan shall be limited to those of a general unsecured creditor of the Company.

11. ***Adoption, Amendment, Suspension and Termination of the Plan***.

(a) Subject to the approval of the Plan by the Company's stockholders, the Plan shall be effective for payments made with respect to Performance Periods that commence during the Company's 2011 fiscal year and thereafter and shall continue in effect until terminated as provided below; *provided, however*, that no payment of Incentive Compensation may be paid to Section 162(m) Executives prior to approval of the Plan at the Company's 2011 Annual Meeting of Stockholders. If the Plan is not approved by stockholders at the Company's 2011 Annual Meeting of Stockholders, any awards granted under the Plan to Section 162(m) Executives shall be null and void and of no effect.

(b) Subject to the limitations set forth in paragraph (c) below, the Board may at any time suspend or terminate the Plan and may amend it from time to time in such respects as the Board may deem advisable, subject, with respect to any Section 162(m) Executive, to any requirement for stockholder approval imposed by applicable law, including Section 162(m) of the Code.

(c) No amendment, suspension or termination of the Plan shall, without the consent of the person affected thereby, materially, adversely alter or impair any rights or obligations under any Incentive Compensation previously awarded under the Plan, except to the extent any such action is undertaken to cause the Plan to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

12. ***Governing Law***. The validity, interpretation and effect of the Plan, and the rights of all persons hereunder, shall be governed by and determined in accordance with the laws of the State of Ohio, other than the choice of law rules thereof.

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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 January 29, 2011

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	**31-1029810**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Three Limited Parkway, P.O. Box 16000, Columbus, Ohio	**43216**
(Address of principal executive offices)	**(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: $6,911,532,451.

Number of shares outstanding of the registrant's Common Stock as of March 11, 2011: 319,450,755.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Registrant's 2011 Annual Meeting of Stockholders to be held on May 26, 2011, 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 an approximately $10 billion segment leader focused on women's intimate and other apparel, beauty and personal care product categories that make customers feel sexy, sophisticated and forever young. We sell our merchandise through specialty retail stores in the United States ("U.S.") and Canada, which are primarily mall-based, and through websites, catalogue and other channels. 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. and Canada, through the Victoria's Secret catalogue and online at www.VictoriasSecret.com. Additionally, Victoria's Secret brand products are also available in duty-free and other international locations.

Bath & Body Works

Bath & Body Works is one of the leading specialty retailers of personal care products including shower gels, lotions, antibacterial soaps, home fragrance and accessories. 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 through franchise locations in the Middle East.

Other Brands

La Senza is a specialty retailer of women's intimate apparel in Canada. We sell our La Senza products at more than 250 La Senza stores in Canada and online at www.LaSenza.com. Additionally, La Senza has 463 stores in 45 countries operating under licensing arrangements.

Henri Bendel sells upscale accessory products through our flagship and 10 other stores, as well as online at www.HenriBendel.com.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "2011", "2010", "2009", "2008" and "2007" refer to the 52 week periods ending January 28, 2012, January 29, 2011, January 30, 2010, January 31, 2009 and February 2, 2008, respectively. "2006" refers to the 53 week period ended February 3, 2007.

Real Estate

The following table provides the retail businesses and the number of our company-owned retail stores in operation for each business as of January 29, 2011 and January 30, 2010.

	January 29, 2011	January 30, 2010
Victoria's Secret Stores U.S.	1,028	1,040
Bath & Body Works U.S.	1,606	1,627
La Senza	252	258
Henri Bendel	11	11
Bath & Body Works Canada	59	31
Victoria's Secret Canada	12	4
Total	2,968	2,971

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	Acquired/ Divested Businesses	End of Year
2010	2,971	44	(47)	0	2,968
2009	3,014	59	(102)	0	2,971
2008	2,926	145	(57)	0	3,014
2007	3,766	129	(100)	(869)(a)	2,926
2006	3,590	52	(169)	293(b)	3,766

(a) Express and Limited Stores were divested in July 2007 and August 2007, respectively.
(b) Represents stores acquired in the La Senza acquisition on January 12, 2007.

In addition to our company-owned stores, our products are sold at hundreds of franchise and other locations throughout the world.

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 Victoria's Secret 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 late-teen and college-age woman with Victoria's Secret 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, antibacterial soaps, home fragrance and personal care accessories.
- In Canada, La Senza is a leader in women's intimate apparel.

In-Store Experience and Store Operations

We view the customer's 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 Asia, which helps us partner with the best manufacturers and get high quality products to our customers 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 Nieman Marcus, Target, The Gap, Inc., The Home Depot, Carlson Companies and Yum Brands. We believe that we have one of the most experienced management teams in retail.

Additional Information

Merchandise Suppliers

During 2010, we purchased merchandise from over 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 2010, 2009 and 2008 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.

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 and services 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. The Victoria's Secret reportable segment consists of the Victoria's Secret and La Senza operating segments which are aggregated in accordance with the authoritative guidance included in Accounting Standards Codification Topic 280, *Segment Reporting*.

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 Operation. 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.

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 January 29, 2011, we employed approximately 96,500 associates, 79,000 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, 73, has been our Chairman of the Board of Directors for more than thirty years and our Chief Executive Officer since our founding in 1963.

Martyn R. Redgrave, 58, has been our Executive Vice President and Chief Administrative Officer since March 2005.

Stuart B. Burgdoerfer, 47, has been our Executive Vice President and Chief Financial Officer since April 2007.

Sharen J. Turney, 54, has been our Chief Executive Officer and President of Victoria's Secret since July 2006.

Diane L. Neal, 54, has been our Chief Executive Officer and President of Bath & Body Works since June 2007.

Jane L. Ramsey, 53, 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

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports and code of conduct are available, free of charge, on our website, *www.LimitedBrands.com*. These reports are available as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission ("SEC").

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 similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by our company or our management:

- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, health hazards, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- the dependence on a high volume of mall traffic and the possible lack of availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand into international markets and related risks;
- our independent licensees and franchisees;
- our direct channel business;

- our failure to protect our reputation and our brand images;
- our failure to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry generally and the segments in which we operate particularly;
- consumer acceptance of our products and our ability to keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our reliance on foreign sources of production, including risks related to:
  - political instability;
  - duties, taxes, other charges on imports;
  - legal and regulatory matters;
  - volatility in currency exchange rates;
  - local business practices and political issues;
  - potential delays or disruptions in shipping and related pricing impacts;
  - the disruption of imports by labor disputes; and
  - changing expectations regarding product safety due to new legislation;
- stock price volatility;
- our failure to maintain our credit rating;
- our ability to service our debt;
- our ability to retain key personnel;
- our ability to attract, develop and retain qualified employees and manage labor costs;
- the inability of our manufacturers to deliver products in a timely manner and meet quality standards;
- fluctuations in product input costs;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems;
- our failure to comply with regulatory requirements;
- tax matters; and
- legal and compliance matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this report to reflect circumstances existing after the date of this report or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

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 generally impacted by factors in the U.S. and Canadian 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 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 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 this market 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 brand image and reputation as well as 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 business 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 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 our direct-to-consumer distribution center. 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 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 rely significantly on foreign sources of production and maintenance of operations in foreign countries.

We purchase merchandise directly in foreign markets and in the domestic market. Many of our imports 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 in foreign markets and importing merchandise from abroad, such as:

- political instability;
- imposition of duties, taxes and other charges on imports;
- 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 related pricing impacts;
- disruption of imports by 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, would limit or reduce the products purchased from suppliers 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. Our purchase of merchandise from these manufacturing operations may be affected by this risk.

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 would increase our interest expense.

The credit ratings agencies periodically review our capital structure and the quality and stability of our earnings. 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 would affect our interest costs.

We may be unable to service 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 pass such increases directly onto our customers 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.

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 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 in a timely manner or expose confidential customer 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.

As a public company, 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 imposed by the Sarbanes-Oxley Act of 2002, 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 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 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 January 29, 2011:

Location	Use	Approximate Square Footage
Columbus, Ohio	Corporate, distribution and shipping	6,388,000
Montreal, Quebec, Canada	Office, distribution and shipping	486,000
New York, New York	Office, sourcing and product development/design	479,000
Kettering, Ohio	Call center	94,000
Hong Kong	Office and sourcing	80,000
Rio Rancho, New Mexico	Call center	75,000
Paramus, New Jersey	Research and development and office	31,000
Various foreign locations	Office and sourcing	115,000

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; Kettering, Ohio; Rio Rancho, New Mexico; and Paramus, New Jersey.

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 January 29, 2011, we operate 2,645 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 2011 and 2027.

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 386,000 square feet. Additionally, we lease additional office facilities in the Montreal area comprised of approximately 100,000 square feet.

As of January 29, 2011, we operate 323 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 2011 and 2023.

Other International

As of January 29, 2011, we also have global representation through the following:

- 463 independently owned La Senza stores operated under licensing arrangements in 45 countries;
- 6 independently owned Bath & Body Works stores operated by a franchisee in 2 Middle Eastern countries;
- 18 independently owned Victoria's Secret travel and tourism stores as well as various duty free locations;

We also operate sourcing-related office facilities in various foreign 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.

On November 6, 2009, a class action (International Brotherhood of Electrical Workers Local 697 Pension Fund v. Limited Brands, Inc. et al.) was filed against our Company and certain of its officers in the United States District Court for the Southern District of Ohio on behalf of a purported class of all persons who purchased or acquired shares of Limited Brands common stock between August 22, 2007 and February 28, 2008. On April 5, 2010, the Court appointed a lead plaintiff and lead and liaison counsel. On June 25, 2010, the lead plaintiff filed an amended complaint. On August 24, 2010, we filed a motion to dismiss. We believe the complaint is without merit and that we have substantial factual and legal defenses to the claims at issue. We intend to vigorously defend against this action. We cannot reasonably estimate the possible loss or range of loss that may result from this lawsuit.

ITEM 4. RESERVED.

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 January 29, 2011, there were approximately 50,000 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 150,000.

The following table provides our quarterly market prices and cash dividends per share for 2010 and 2009:

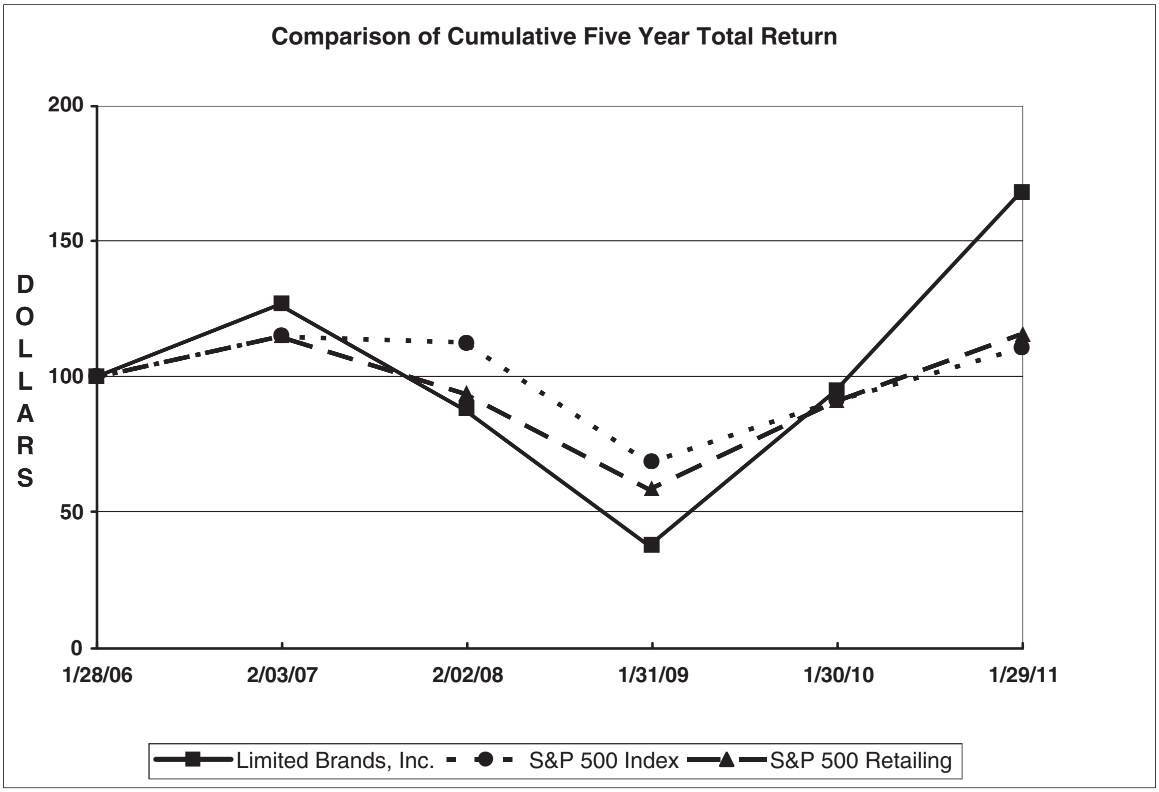
	Market Price		Cash Dividend
	High	Low	per Share
2010			
Fourth quarter	$35.48	$28.05	$3.15(a)
Third quarter	29.95	23.57	0.15
Second quarter	28.19	21.78	0.15
First quarter	28.78	19.12	1.15(b)
2009			
Fourth quarter	$20.90	$16.28	$0.15
Third quarter	19.99	12.56	0.15
Second quarter	13.73	10.28	0.15
First quarter	11.70	5.98	0.15

(a) In November 2010, our Board of Directors declared a special dividend of $3 per share which was distributed on December 21, 2010 to shareholders of record at the close of business on December 7, 2010.
(b) In March 2010, our Board of Directors declared a special dividend of $1 per share which was distributed on April 19, 2010 to shareholders of record at the close of business on April 5, 2010.

In January 2011, our Board of Directors declared an increase in our first quarter 2011 common stock dividend from $0.15 to $0.20 per share. The dividend was paid on March 11, 2011 to shareholders of record at the close of business on February 25, 2011 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)
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 January 28, 2006 including reinvestment of dividends.
(b) 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 2010:

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 2010	343	$33.07	287	$190,451
December 2010	1,481	31.59	1,440	144,906
January 2011	204	30.25	180	139,430
Total	2,028	31.71	1,907	

(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				
	January 29, 2011	January 30, 2010	January 31, 2009	February 2, 2008	February 3, 2007(a)
			(in millions)		
Summary of Operations					
Net Sales	$ 9,613	$ 8,632	$ 9,043	$10,134	$ 10,671
Gross Profit	3,631	3,028	3,006	3,509	4,013
Operating Income (b)	1,284	868	589	1,110	1,176
Net Income Attributable to Limited Brands, Inc. (c)	805	448	220	718	676
			(as a percentage of net sales)		
Gross Profit	37.8%	35.1%	33.2%	34.6%	37.6%
Operating Income	13.4%	10.1%	6.5%	11.0%	11.0%
Net Income Attributable to Limited Brands, Inc.	8.4%	5.2%	2.4%	6.9%	6.3%
Per Share Results					
Net Income Attributable to Limited Brands, Inc. per Basic Share	$ 2.49	$ 1.39	$ 0.66	$ 1.91	$ 1.71
Net Income Attributable to Limited Brands, Inc. per Diluted Share	$ 2.42	$ 1.37	$ 0.65	$ 1.89	$ 1.68
Dividends per Share	$ 4.60	$ 0.60	$ 0.60	$ 0.60	$ 0.60
Weighted Average Diluted Shares Outstanding (in millions)	333	327	337	380	403
Other Financial Information			(in millions)		
Cash and Cash Equivalents	$ 1,130	$ 1,804	$ 1,173	$ 1,018	$ 500
Total Assets	6,451	7,173	6,972	7,437	7,093
Working Capital	1,088	1,928	1,612	1,545	1,062
Net Cash Provided by Operating Activities	1,284	1,174	954	765	600
Capital Expenditures	274	202	479	749	548
Long-term Debt	2,507	2,723	2,897	2,905	1,665
Other Long-term Liabilities	761	731	732	709	520
Shareholders' Equity	1,476	2,183	1,874	2,219	2,955
Return on Average Shareholders' Equity	44%	22%	11%	28%	25%
Comparable Store Sales Increase (Decrease) (d)	9%	(4%)	(9%)	(2%)	7%
Return on Average Assets	12%	6%	3%	10%	10%
Debt-to-equity Ratio	170%	125%	155%	131%	56%
Current Ratio	1.7	2.5	2.3	2.1	1.6
Stores and Associates at End of Year					
Number of Stores (e)	2,968	2,971	3,014	2,926	3,766
Selling Square Feet (in thousands) (e)	10,974	10,934	10,898	10,310	15,719
Number of Associates	96,500	92,100	90,900	97,500	125,500

(a) Fifty-three week fiscal year.

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

   (i) 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.
   (ii) 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.
   (iii) In 2007, a $302 million gain related to the divestiture of Express, a $72 million loss related to the divestiture of Limited Stores, $48 million related to initial recognition of income for unredeemed gift cards at Victoria's Secret, $53 million of expense related to various restructuring activities and $37 million of gains related to asset sales.
   (iv) In 2006, $26 million in incremental share-based compensation expense related to the effect of adopting the authoritative guidance included in ASC Topic 718.

   For additional information on 2009 and 2008 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 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.
   (ii) 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.
   (iii) 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.
   (iv) In 2007, a $100 million pre-tax gain related to a cash distribution from Easton Town Center, LLC, a $17 million pre-tax gain related to an interest rate hedge and $67 million of favorable tax benefits primarily relating to: 1) the reversal of state net operating loss carryforward valuation allowances and other favorable tax benefits associated with the Apparel divestitures; 2) a decline in the Canadian federal tax rate; 3) audit settlements and 4) other items.

   For additional information on 2010, 2009 and 2008 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 to earnings per share was $0.36 in 2010, $0.14 in 2009, $(0.40) in 2008, $0.68 in 2007 and $(0.05) in 2006.

(d) 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. 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 and drives 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;
- Incubate and grow new brands in current channels;
- Build enabling infrastructure and capabilities;
- Become the top destination for talent; and
- Optimize our capital structure.

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

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

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 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 mailing list.

The core of Bath & Body Works is its Signature Collection, antibacterial and home fragrance product lines, which together make up the majority of sales and profits for the business. Beginning in 2009, we successfully restaged both the Signature Collection and our antibacterial lines with more compelling fragrances, improved formulas and updated packaging. Additionally, www.BathandBodyWorks.com, which launched in 2006, continues to exhibit year-over-year growth.

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 have and will continue to work with our merchandise vendors on innovation, quality, speed and cost. Additionally, we have made a concerted effort to manage home office headcount and overhead expenses. Finally, we have and will continue to optimize our marketing expense by concentrating our expenditures on efficient and return-generating programs. In 2010, we made significant progress towards successfully achieving this multi-year goal.

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 59 Bath & Body Works stores, 8 Victoria's Secret Pink stores and 4 Victoria's Secret flagship stores in Canada. Based on the success we have experienced in Canada, we plan to open an additional 9 to 10 Bath & Body Works stores, 8 to 9 Victoria's Secret stores and 1 to 2 Victoria's Secret Pink stores in Canada in 2011.

We continue to expand our presence outside of North America. In 2010, we accomplished the following:

- Victoria Secret Travel and Tourism Stores—Our partners opened 11 additional Victoria's Secret travel and tourism stores bringing the total to 18. 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 40 to 50 Victoria's Secret travel and tourism stores in 2011.
- Bath & Body Works Franchise Stores—Our partner opened 6 Bath & Body Works stores in the Middle East in 2010. Our partner plans to open approximately 20 additional stores in 2011.
- Victoria's Secret Flagship Store—We announced plans to open a Victoria's Secret flagship store on the corner of New Bond Street and Brook Street in London in 2012.
- La Senza Franchise Stores—Our partners opened 24 additional La Senza stores and plan to open approximately 50 new La Senza stores globally in 2011.

We continue to analyze and explore how to further expand our brands outside of North America.

Incubate and grow new brands in current channels

Our most successful brands have either been conceived or incubated within Limited Brands, including Victoria's Secret and Bath & Body Works. We are constantly experimenting with new ideas and our current efforts include standalone Victoria's Secret Pink stores and Henri Bendel stores focused on accessories. In 2011, we plan to open 7 additional Henri Bendel stores.

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 more productively react to current market conditions, improve inventory accuracy, turnover and in-stock levels and deliver more targeted assortments at the store level. In 2011, we plan to implement new finance and other support systems in our direct channel at Victoria's Secret, continue to roll out new point-of-sale systems to our stores, build new cross-channel functionality at Victoria's Secret and invest in new international support systems.

2010 Overview

We had record performance in 2010 despite a retail environment that continues to be uncertain. Our net sales increased $981 million to $9.613 billion driven by a comparable store sales increase of 9%. Our operating income increased $416 million to $1.284 billion and our operating income rate improved significantly from 10.1% to 13.4%. In 2009, our operating income benefited from a $9 million gain associated with the reversal of an accrued contractual liability as a result of the divestiture of a joint venture.

Our operating income increase was primarily driven by the strength of our assortments and store selling efforts, which coupled with disciplined inventory management, enabled us to reduce our promotional activity. Additionally, disciplined expense management also contributed.

For additional information related to our 2010 financial performance, see “Results of Operations – 2010 Compared to 2009.”

During 2010, we continued to focus on conservative management and retail fundamentals including:

- Inventory levels—We ended 2010 down slightly to 2009 and down 13% as compared to 2008 and our inventory per selling square foot ended 2010 down 2% and 11% compared to 2009 and 2008, respectively.
- Capital expenditures—We increased our capital expenditures to $274 million in 2010 from $202 million in 2009.
- Cash and liquidity—We generated cash flow from operations of $1.284 billion in 2010 and ended 2010 with $1.130 billion in cash.

We also accomplished the following in terms of the execution of our business strategy in 2010:

- Significantly improved gross profit and operating income driven by the increase in net sales, improvement in our merchandise margin rate and expense growth at a lower rate than net sales growth;
- Returned over $1.5 billion to our shareholders through special dividends, share repurchases and our ongoing regular dividends. In January 2011, our Board of Directors approved an increase in our first quarter 2011 common stock dividend from $0.15 to $0.20 per share;
- Continued expansion of company-owned Bath & Body Works and Victoria’s Secret stores into Canada;
- Launched Bath & Body Works stores in the Middle East with a franchise partner;
- Continued expansion of Victoria’s Secret travel and tourism stores throughout the world;
- Began implementation of a new point-of-sale system in our stores and installed new support systems for our direct channel businesses; and
- Repositioned the La Senza brand and relocated portions of the La Senza home office to Columbus, Ohio.

2011 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 in terms of the financial management of our business. We will continue to manage our business carefully and we will focus on the execution of the retail fundamentals.

At the same time, we are aggressively focusing on bringing compelling merchandise assortments, marketing and store experiences to our customers. We will look for, and capitalize on, those opportunities available to us in this uncertain environment. We believe that our brands, which lead their categories and offer high emotional content at accessible prices, are well positioned heading into 2011.

Store Data

The following table compares 2010 store data to the comparable periods for 2009 and 2008:

	2010	2009	2008	% Change 2010	% Change 2009
Sales per Average Selling Square Foot					
Victoria's Secret Stores (a) (c)	$ 663	$ 581	$ 620	14%	(6%)
Bath & Body Works (a) (c)	620	587	594	6%	(1%)
La Senza (b) (c) (d)	397	420	456	(5%)	(8%)
Sales per Average Store (in thousands)					
Victoria's Secret Stores (a) (c)	$3,886	$3,356	$3,480	16%	(4%)
Bath & Body Works (a) (c)	1,468	1,393	1,410	5%	(1%)
La Senza (b) (c) (d)	1,333	1,335	1,350	0%	(1%)
Average Store Size (selling square feet)					
Victoria's Secret Stores (a) (c)	5,892	5,830	5,727	1%	2%
Bath & Body Works (a) (c)	2,369	2,370	2,378	0%	0%
La Senza (c) (d)	3,343	3,366	3,026	(1%)	11%
Total Selling Square Feet (in thousands)					
Victoria's Secret Stores (a) (c)	6,057	6,063	5,973	0%	2%
Bath & Body Works (a) (c)	3,805	3,856	3,895	(1%)	(1%)
La Senza (c) (d)	843	869	974	(3%)	(11%)

(a) Metric relates to company-owned stores in the U.S.
(b) Metric is presented in Canadian dollars to eliminate the impact of foreign currency fluctuations.
(c) Metric excludes independently owned stores operated by licensees and franchisees.
(d) In 2009, we closed 53 La Senza Girl stores.

The following table compares 2010 store data to the comparable periods for 2009 and 2008:

Number of Stores (a)	2010	2009	2008
Victoria's Secret U.S.			
Beginning of Period	1,040	1,043	1,020
Opened	6	13	41
Closed	(18)	(16)	(18)
End of Period	1,028	1,040	1,043
Bath & Body Works U.S.			
Beginning of Period	1,627	1,638	1,592
Opened	2	9	80
Closed	(23)	(20)	(34)
End of Period	1,606	1,627	1,638
La Senza			
Beginning of Period	258	322	312
Opened	0	2	15
Closed (b)	(6)	(66)	(5)
End of Period	252	258	322
Bath & Body Works Canada			
Beginning of Period	31	6	0
Opened	28	25	6
Closed	0	0	0
End of Period	59	31	6
Victoria's Secret Canada			
Beginning of Period	4	0	0
Opened	8	4	0
Closed	0	0	0
End of Period	12	4	0
Henri Bendel			
Beginning of Period	11	5	2
Opened	0	6	3
Closed	0	0	0
End of Period	11	11	5
Total			
Beginning of Period	2,971	3,014	2,926
Opened	44	59	145
Closed	(47)	(102)	(57)
End of Period	2,968	2,971	3,014

(a) Number of stores excludes independently owned La Senza, Bath & Body Works and Victoria's Secret stores operated by licensees and franchisees.
(b) In 2009, we closed 53 La Senza Girl stores.

Results of Operations—2010 Compared to 2009

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for 2010 in comparison to 2009:

	2010	2009	Operating Income Rate 2010	Operating Income Rate 2009
	(in millions)			
Victoria's Secret	$ 877	$579	14.8%	10.9%
Bath & Body Works	464	358	18.4%	15.0%
Other (a) (b)	(57)	(69)	(4.8%)	(7.3%)
Total	$1,284	$868	13.4%	10.1%

(a) Includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.
(b) 2009 includes a $9 million gain associated with the reversal of an accrued contractual liability. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

For 2010, operating income increased $416 million to $1.284 billion and the operating income rate increased to 13.4% from 10.1%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2010 in comparison to 2009:

	2010	2009	% Change
	(in millions)		
Victoria's Secret Stores	$4,018	$3,496	15%
La Senza (a)	398	423	(6%)
Victoria's Secret Direct	1,502	1,388	8%
Total Victoria's Secret	5,918	5,307	12%
Bath & Body Works	2,515	2,383	6%
Other (b)	1,180	942	25%
Total Net Sales	$9,613	$8,632	11%

(a) La Senza includes a $32 million increase in net sales from 2009 to 2010 related to currency fluctuations.
(b) Other includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.

The following tables provide a reconciliation of net sales for 2009 to 2010:

	Victoria's Secret	Bath & Body Works	Other	Total
	(in millions)			
2009 Net Sales	$5,307	$2,383	$ 942	$8,632
Comparable Store Sales	451	105	(6)	550
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	14	(6)	106	114
Foreign Currency Translation	32	0	9	41
Direct Channels	114	33	0	147
Mast Global Third-party Sales and Other	0	0	129	129
2010 Net Sales	$5,918	$2,515	$1,180	$9,613

The following table compares 2010 comparable store sales to 2009:

	2010	2009
Victoria's Secret Stores	14%	(6%)
La Senza	(1%)	(8%)
Total Victoria's Secret	13%	(6%)
Bath & Body Works	5%	(1%)
Total Comparable Store Sales (a)	9%	(4%)

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

For 2010, our net sales increased $981 million to $9.613 billion and comparable store sales increased 9%. The increase in our net sales was primarily a result of:

Victoria's Secret

For 2010, net sales increased $611 million to $5.918 billion and comparable store sales increased 13%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased across most categories including Pink, core lingerie and beauty driven by a compelling merchandise assortment that incorporated newness, innovation and fashion; and
- At Victoria's Secret Direct, net sales increased 8% with increases across most categories, including intimates and swimwear driven by a compelling merchandise assortment.

Partially offset by:

- At La Senza, net sales decreased due to the closure of the La Senza Girl freestanding stores, a decline in the international business as well as decreases in sleepwear and beauty. These decreases were partially offset by increases in core bras and panties as well as favorable currency fluctuations.

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

Bath & Body Works

For 2010, net sales increased $132 million to $2.515 billion and comparable store sales increased 5%. From a merchandise category perspective, net sales were driven by growth in the Signature Collection (including the re-launch of the men's line), home fragrance and antibacterial categories which all incorporated newness and innovation. The increase in comparable store sales was driven by an increase in total transactions and higher average dollar sales.

Other

For 2010, net sales increased $238 million to $1.180 billion related to new Bath & Body Works stores in Canada, the introduction of Victoria's Secret stores in Canada, revenue from our international wholesale and franchise business and an increase in third-party sales at Mast Global. In addition, Mast Global recognized 100% of merchandise sourcing sales to Express and Limited Stores in the third and fourth quarters of 2010. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Gross Profit

For 2010, our gross profit increased $603 million to $3.631 billion and our gross profit rate (expressed as a percentage of net sales) increased to 37.8% from 35.1% primarily as a result of:

Victoria's Secret

For 2010, gross profit increased at Victoria's Secret Stores and Victoria's Secret Direct driven by higher merchandise margin dollars as a result of the increase in net sales and decreased promotional activity.

The increase in the gross profit rate was driven primarily by an increase in the merchandise margin rate due to the factors cited above. In addition, the buying and occupancy expense rate decreased due to leverage associated with higher net sales.

Bath & Body Works

For 2010, gross profit increased primarily driven by higher merchandise margin dollars due to an increase in net sales and a decrease in cost of goods sold due to cost reductions.

The increase in the gross profit rate was driven by increases in the merchandise margin rate due to the factors cited above.

Other

For 2010, gross profit increased primarily driven by higher merchandise margin dollars primarily related to the expansion of our Canadian Bath & Body Works and Victoria's Secret stores. The gross profit rate decreased due to an increase in lower margin Mast Global third-party sales, including the impact of recognizing 100% of Mast Global's sales to Express and Limited Stores in the third and fourth quarters of 2010. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

General, Administrative and Store Operating Expenses

For 2010, our general, administrative and store operating expenses increased $175 million to $2.341 billion primarily driven by:

- an increase in store selling expenses, which includes costs related to new stores in Canada;
- higher payroll including incentive compensation costs;
- higher stock compensation costs due to a lower forfeiture rate as a result of lower associate turnover; and
- an increase in marketing expenses.

The general, administrative and store operating expense rate decreased to 24.3% from 25.1% due to leverage associated with higher net sales.

Impairment of Goodwill and Other Intangible Assets

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. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2010 Consolidated Statement of Income. 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.

In the fourth quarter of 2009, we recognized charges totaling $3 million related to the impairment of the La Senza Girl trade name and other minor trade names. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2009 Consolidated Statement of Income. 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.

Net Gain on Joint Ventures

In July 2009, we recognized a pre-tax gain of $9 million ($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. The pre-tax gain is included in Net Gain on Joint Ventures on the 2009 Consolidated Statement of Income.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2010 and 2009:

	2010	2009
Average daily borrowings (in millions)	$2,602	$2,982
Average borrowing rate (in percentages)	7.0%	6.7%

For 2010, our interest expense decreased $29 million to $208 million. The decrease was primarily driven by a decrease in average borrowings, partially offset by the increase in average borrowing rates. For 2010, our interest expense included $10 million of expense associated with terminating our remaining participating interest rate swap arrangements. For 2009, our interest expense included $10 million in fees which were expensed associated with the amendment of our Revolving Facility and Term Loan and $8 million of expense associated with terminating certain participating interest rate swap arrangements.

Other Income

For 2010, our other income increased $156 million to $173 million primarily due to:

- 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 $7 million gain related to a dividend payment from Express; and
- higher income from our equity investments in Express and Limited Stores.

Partially offset by:

- a $25 million loss on extinguishment of a portion of our 2012 and 2014 Notes.

Provision for Income Taxes

For 2010, our effective tax rate increased to 35.6% from 31.1%. 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. The 2009 rate was lower than our combined estimated federal and state statutory rate primarily due to the reversal of deferred tax liabilities on unremitted foreign earnings due to international restructuring and the resolution of certain tax matters in 2009.

Results of Operations—Fourth Quarter of 2010 Compared to Fourth Quarter of 2009

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 2010 in comparison to the fourth quarter of 2009:

	Fourth Quarter		Operating Income Rate	
	2010	2009	2010	2009
	(in millions)			
Victoria's Secret	$395	$312	19.6%	17.3%
Bath & Body Works	330	294	30.5%	29.2%
Other (a)	(11)	(20)	(3.2%)	(7.8%)
Total	$714	$586	20.6%	19.1%

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

For the fourth quarter of 2010, operating income increased $128 million to $714 million and the operating income rate increased to 20.6% from 19.1%. 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 2010 in comparison to the fourth quarter of 2009:

Fourth Quarter	2010	2009	% Change
	(in millions)		
Victoria's Secret Stores	$1,393	$1,201	16%
La Senza (a)	121	134	(10%)
Victoria's Secret Direct	503	463	9%
Total Victoria's Secret	2,017	1,798	12%
Bath & Body Works	1,081	1,008	7%
Other (b)	358	257	39%
Total Net Sales	$3,456	$3,063	13%

(a) La Senza includes a $5 million increase in net sales from 2009 to 2010 related to currency fluctuations.
(b) Includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.

The following table provides a reconciliation of net sales for the fourth quarter of 2009 to the fourth quarter of 2010:

Fourth Quarter	Victoria's Secret	Bath & Body Works	Other	Total
	(in millions)			
2009 Net Sales	$1,798	$1,008	$257	$3,063
Comparable Store Sales	169	53	(2)	220
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	4	3	44	51
Foreign Currency Translation	5	0	4	9
Direct Channels	41	17	0	58
Mast Global Third-party Sales and Other	0	0	55	55
2010 Net Sales	$2,017	$1,081	$358	$3,456

The following table compares fourth quarter of 2010 comparable store sales to fourth quarter of 2009:

Fourth Quarter	2010	2009
Victoria's Secret Stores	15%	0%
La Senza	(5%)	(4%)
Total Victoria's Secret	13%	0%
Bath & Body Works	6%	2%
Total Comparable Store Sales (a)	10%	1%

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

For the fourth quarter of 2010, our net sales increased $393 million to $3.456 billion and comparable store sales increased 10%. The increase in our net sales was primarily as a result of:

Victoria's Secret

For the fourth quarter of 2010, net sales increased $219 million to $2.017 billion and comparable store sales increased 13%. 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 beauty driven by a compelling merchandise assortment that incorporated newness, innovation and fashion; and
- At Victoria's Secret Direct, net sales increased 9% with increases across most categories, including intimates and swimwear, driven by a compelling merchandise assortment. This was partially offset by a decrease in apparel.

Partially offset by:

- At La Senza, net sales decreased due to declines in the sleepwear and beauty categories and the closure of the La Senza Girl freestanding stores. These decreases were partially offset by increases in core bras and panties as well as favorable currency fluctuations.

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

__Bath & Body Works__

For the fourth quarter of 2010, net sales increased $73 million to $1.081 billion and comparable store sales increased 6%. From a merchandise category perspective, net sales were driven by the Signature Collection (including the re-launch of the men's line), home fragrance and antibacterial categories which all incorporated newness and innovation.

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

__Other__

For the fourth quarter of 2010, net sales increased $101 million to $358 million primarily related to new Bath & Body Works stores in Canada, the introduction of Victoria's Secret stores in Canada, revenue from our international wholesale and franchise business and an increase in third-party sales in Mast Global. In addition, Mast Global recognized 100% of merchandise sourcing sales to Express and Limited Stores in the fall season of 2010. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Gross Profit

For the fourth quarter of 2010, our gross profit increased $196 million to $1.445 billion and our gross profit rate (expressed as a percentage of net sales) increased to 41.8% from 40.8% primarily as a result of:

__Victoria's Secret__

For the fourth quarter of 2010, gross profit increased primarily driven by:

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

The increase in the gross profit rate was driven primarily by the decrease in the buying and occupancy expense rate due to leverage associated with higher net sales as well as an increase in the merchandise margin rate due the factors cited above.

__Bath & Body Works__

For the fourth quarter of 2010, gross profit increased primarily driven by higher merchandise margin dollars as a result of an increase in net sales and a decrease in cost of goods sold due to cost reductions. Buying and occupancy expenses increased driven by higher occupancy and direct fulfillment costs, primarily due to the increase in net sales.

The increase in the gross profit rate was driven by an increase in the merchandise margin rate, partially offset by an increase in the buying and occupancy expense rate due to the factors cited above.

__Other__

For the fourth quarter of 2010, gross profit increased primarily driven by the expansion of our Canadian Bath & Body Works and Victoria's Secret stores. The gross profit rate decreased due to an increase in lower margin Mast

Global third-party sales, including the impact of recognizing 100% of Mast Global's sales to Express and Limited Stores in the fourth quarter. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2010, our general, administrative and store operating expenses increased $65 million to $725 million primarily driven by:

- an increase in store selling expenses, which includes costs related to new stores in Canada;
- higher stock compensation costs due to a lower forfeiture rate as a result of lower associate turnover; and
- an increase in marketing expenses.

The general, administrative and store operating expense rate decreased to 21.0% from 21.5% due to leverage associated with higher net sales.

Impairment of Goodwill and Other Intangible Assets

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. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2010 Consolidated Statement of Income. 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.

In the fourth quarter of 2009, we recognized charges totaling $3 million related to the impairment of the La Senza Girl trade name and other minor trade names. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2009 Consolidated Statement of Income. 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.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2010 and 2009:

Fourth Quarter	2010	2009
Average daily borrowings (in millions)	$2,560	$2,857
Average borrowing rate (in percentages)	7.1%	6.8%

For the fourth quarter of 2010, our interest expense decreased $13 million to $48 million. The decrease was primarily driven by $8 million of expense in 2009 associated with terminating a portion of our participating interest rate swap arrangements as well as a decrease in average borrowings, partially offset by an increase in average borrowing rates.

Other Income

For the fourth quarter of 2010, our other income increased $42 million to $53 million. The increase was primarily driven by a $45 million gain related to the sale of Express common stock and a $7 million gain related to a dividend payment from Express. The increase in other income was partially offset by ceasing recognition of equity method income from Express beginning in the third quarter of 2010 as a result of the change in accounting from the equity method to the cost method. We also ceased recognizing equity method income from Limited Stores beginning in the second quarter of 2010 in conjunction with the divestiture of our remaining ownership interest.

Provision for Income Taxes

For the fourth quarter of 2010, our effective tax rate increased to 37.0% from 33.6%. 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. The 2009 rate was lower than our combined estimated federal and state statutory rate primarily due to the reversal of deferred tax liabilities on unremitted foreign earnings due to international restructuring in 2009.

Results of Operations—2009 Compared to 2008

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for 2009 in comparison to 2008:

	2009	2008	Operating Income Rate 2009	Operating Income Rate 2008
	(in millions)			
Victoria's Secret (a)	$579	$405	10.9%	7.2%
Bath & Body Works	358	215	15.0%	9.1%
Other (b) (c) (d) (e)	(69)	(31)	(7.3%)	(2.9%)
Total	$868	$589	10.1%	6.5%

(a) 2008 includes a $215 million impairment charge related to goodwill and other intangible assets for the La Senza business. For additional information, see Critical Accounting Policies and Estimates and Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.
(b) Includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.
(c) 2009 includes a $9 million gain associated with the reversal of an accrued contractual liability. For additional information, see Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.
(d) 2008 includes a $109 million net gain on joint ventures. For additional information, see Note 4 and Note 9 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.
(e) 2008 includes $23 million of expense related to restructuring activities. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

For 2009, operating income increased $279 million to $868 million and the operating income rate increased to 10.1% from 6.5%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2009 in comparison to 2008:

	2009	2008	% Change
	(in millions)		
Victoria's Secret Stores	$3,496	$3,590	(3%)
La Senza (a)	423	491	(14%)
Victoria's Secret Direct	1,388	1,523	(9%)
Total Victoria's Secret	5,307	5,604	(5%)
Bath & Body Works	2,383	2,374	0%
Other (b)	942	1,065	(12%)
Total Net Sales	$8,632	$9,043	(5%)

(a) La Senza includes an $11 million decrease in net sales from 2008 to 2009 related to currency fluctuations.
(b) Other includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.

The following tables provide a reconciliation of net sales for 2008 to 2009:

	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
2008 Net Sales	$5,604	$2,374	$1,065	$9,043
Comparable Store Sales	(217)	(13)	(4)	(234)
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	66	10	53	129
Foreign Currency Translation	(11)	0	6	(5)
Direct Channels	(135)	12	0	(123)
Mast Global Third-party Sales and Other	0	0	(178)	(178)
2009 Net Sales	$5,307	$2,383	$ 942	$8,632

The following table compares 2009 comparable store sales to 2008:

	2009	2008
Victoria's Secret Stores	(6%)	(9%)
La Senza	(8%)	(3%)
Total Victoria's Secret	(6%)	(8%)
Bath & Body Works	(1%)	(9%)
Total Comparable Store Sales (a)	(4%)	(9%)

(a) Includes Bath & Body Works Canada and Henri Bendel.

For 2009, our net sales decreased $411 million to $8.632 billion and comparable store sales decreased 4%. The decrease in our net sales was primarily as a result of:

Victoria's Secret

For 2009, net sales decreased $297 million to $5.307 billion and comparable store sales decreased 6%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales decreased across many categories in the spring season primarily driven by a merchandise assortment that did not overcome the challenging economic environment. However, net sales improved across most categories in the holiday season primarily driven by an improved merchandise assortment and a reduction of promotional activity.
- At Victoria's Secret Direct, net sales decreased 9% with decreases across most merchandise categories, most notably apparel, in the spring season. The declines were partially offset with a net sales increase across most categories in the holiday season, including intimate apparel and Pink, primarily driven by an improved merchandise assortment and a reduction of promotional activity.
- At La Senza, net sales decreased due to a merchandise assortment that did not overcome the challenging economic environment, declines in the La Senza Girl business and unfavorable currency translation adjustments.

The decrease in comparable store sales was primarily driven by lower average dollar sales partially offset by an increase in total transactions.

Bath & Body Works

For 2009, net sales increased $9 million to $2.383 billion and comparable store sales decreased 1%. From a merchandise category perspective, net sales were driven by the Signature Collection, antibacterial and home fragrance categories partially offset by discontinued product lines and our performance brands. The decrease in comparable store sales was primarily driven by a decrease in total transactions partially offset by higher average dollar sales.

Other

For 2009, net sales decreased $123 million to $942 million related to a decline in third-party sales at Mast Global partially offset by net sales primarily related to the introduction of Bath & Body Works and Victoria's Secret Pink into Canada.

Gross Profit

For 2009, our gross profit increased $22 million to $3.028 billion and our gross profit rate (expressed as a percentage of net sales) increased to 35.1% from 33.2% primarily as a result of:

Victoria's Secret

For 2009, gross profit decreased primarily driven by:

- At Victoria's Secret Stores, gross profit decreased driven by lower merchandise margin dollars as a result of the decline in net sales and increased promotional activity during the spring season. The decrease in the spring season was partially offset by higher merchandise margin dollars as a result of an increase in net sales and reduced promotional activity during the holiday season;
- At La Senza, gross profit decreased driven by a decrease in merchandise margin dollars primarily due to the decline in net sales and unfavorable currency fluctuations;
- At Victoria's Secret Direct, gross profit decreased driven by lower merchandise margin dollars as a result of the decline in net sales and increased promotional activity during the spring season. The decrease in the spring season was partially offset by higher merchandise margin dollars as a result of an increase in net sales and reduced promotional activity during the holiday season. Gross profit also benefited from a decrease in buying and occupancy expenses primarily as a result of improved efficiencies related to the new distribution center.

The gross profit rate was relatively flat for 2009.

Bath & Body Works

For 2009, gross profit increased primarily driven by higher merchandise margin dollars due to an increase in sales of higher margin products and a reduction in buying and occupancy expenses.

The increase in the gross profit rate was driven by increases in the merchandise margin and decreases in buying and occupancy rates due to the factors cited above.

Other

For 2009, gross profit increased primarily driven by the introduction of Bath & Body Works and Victoria's Secret Pink into Canada and the gross profit rate increased as a result of a decline in lower margin Mast Global third-party sales.

General, Administrative and Store Operating Expenses

For 2009, our general, administrative and store operating expenses decreased $145 million to $2.166 billion primarily driven by:

- expense reductions across all segments in categories such as home office and marketing in conjunction with our enterprise cost initiatives;

- lower store selling expenses due to a reduction in sales;

Partially offset by:

- an increase in incentive compensation due to improved performance, particularly in the fall season.

The general, administrative and store operating expense rate decreased to 25.1% from 25.6% primarily driven by the factors cited above.

Impairment of Goodwill and Other Intangible Assets

In the fourth quarter of 2009, we recognized charges totaling $3 million related to the impairment of the La Senza Girl trade name and other minor trade names. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2009 Consolidated Statement of Income. 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.

In the fourth quarter of 2008, we recognized charges totaling $215 million related to the impairment of goodwill and trade name assets associated with our La Senza business. The impairment charges were based on our evaluation of the estimated fair value of the La Senza business and trade name assets as compared to their respective carrying values. Our evaluation concluded that as a result of the global economic downturn and the related negative impact on La Senza's operating performance, the fair value of the La Senza business and trade name assets were below their carrying values as of the fourth quarter of 2008. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2008 Consolidated Statement of Income. 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.

Net Gain on Joint Ventures

In April 2008, we and our investment partner completed the divestiture of a personal care joint venture to a third party. We recognized a pre-tax gain of $128 million on the divestiture. The pre-tax gain is included in Net Gain on Joint Ventures on the 2008 Consolidated Statement of Income.

In addition, we recorded a pre-tax charge of $19 million related to another joint venture. The charge consisted of writing down the investment balance, reserving certain accounts and notes receivable and accruing a contractual liability. The impairment of $19 million is also included in Net Gain on Joint Ventures on the 2008 Consolidated Statement of Income. In July 2009, we recognized a pre-tax gain of $9 million ($14 million net of related tax benefits) associated with the reversal of the accrued contractual liability as a result of the divestiture of the joint venture. The pre-tax gain is included in Net Gain on Joint Ventures on the 2009 Consolidated Statement of Income.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2009 and 2008:

	2009	2008
Average daily borrowings (in millions)	$2,982	$2,909
Average borrowing rate (in percentages)	6.7%	5.9%

For 2009, our interest expense increased $56 million to $237 million. The increase was primarily driven by $10 million of expense associated with the February 2009 amendments to our Revolving Facility and Term Loan, $8 million of expense associated with terminating certain participating interest rate swap arrangements, increases in the average borrowings and average borrowing rates and an increase in fees related to our Revolving Facility.

Interest Income

For 2009, our interest income decreased $16 million to $2 million. The decrease was driven by lower yields given the lower interest rate environment and our more conservative investment portfolio partially offset by the impact of higher average invested cash balances.

Other Income

For 2009, our other income decreased $6 million to $17 million primarily due to a $71 million cash distribution from Express in 2008 which resulted in a pre-tax gain of $13 million, partially offset by higher income from our equity investment in both Express and Limited Stores in 2009. We divested 75% of our equity interests in Express and Limited Stores in July 2007 and August 2007, respectively, and retained the remaining 25% interests as equity method investments.

Provision for Income Taxes

For 2009, our effective tax rate decreased to 31.1% from 51.5%. The decrease in the rate resulted primarily from the impact of the impairment of goodwill and other intangible assets at La Senza in 2008, which were not deductible for income tax purposes. In addition, the rate decreased due to the reversal of deferred tax liabilities on unremitted foreign earnings due to international restructuring and resolution of certain tax matters in 2009.

Results of Operations—Fourth Quarter of 2009 Compared to Fourth Quarter of 2008

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 2009 in comparison to the fourth quarter of 2008:

	Fourth Quarter		Operating Income Rate	
	2009	2008	2009	2008
	(in millions)			
Victoria's Secret (a)	$312	$ (2)	17.3%	(0.1%)
Bath & Body Works	294	209	29.2%	21.0%
Other (b) (c)	(20)	(54)	(7.8%)	(24.2%)
Total	$586	$153	19.1%	5.1%

(a) 2008 includes a $215 million impairment charge related to goodwill and other intangible assets for the La Senza business. For additional information, see Critical Accounting Policies and Estimates and Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.
(b) Includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.
(c) 2008 includes $23 million of expense related to restructuring activities. For additional information, see Note 5 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

For the fourth quarter of 2009, operating income increased $433 million to $586 million and the operating income rate increased to 19.1% from 5.1%. 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 2009 in comparison to the fourth quarter of 2008:

Fourth Quarter	2009	2008	% Change
	(in millions)		
Victoria's Secret Stores	$1,201	$1,185	1%
La Senza (a)	134	133	1%
Victoria's Secret Direct	463	449	3%
Total Victoria's Secret	1,798	1,767	2%
Bath & Body Works	1,008	998	1%
Other (b)	257	226	14%
Total Net Sales	$3,063	$2,991	2%

(a) La Senza includes a $19 million increase in net sales from 2008 to 2009 related to currency fluctuations.
(b) Includes Corporate, Mast Global, Henri Bendel and our international operations excluding La Senza.

The following table provides a reconciliation of net sales for the fourth quarter of 2008 to the fourth quarter of 2009:

Fourth Quarter	Victoria's Secret	Bath & Body Works	Other	Total
		(in millions)		
2008 Net Sales	$1,767	$ 998	$226	$2,991
Comparable Store Sales	(3)	17	(1)	13
Sales Associated With New, Closed and Non-comparable Remodeled Stores, Net	2	(11)	28	19
Foreign Currency Translation	19	0	5	24
Direct Channels	13	4	0	17
Mast Global Third-party Sales and Other	0	0	(1)	(1)
2009 Net Sales	$1,798	$1,008	$257	$3,063

The following table compares fourth quarter of 2009 comparable store sales to fourth quarter of 2008:

Fourth Quarter	2009	2008
Victoria's Secret Stores	0%	(10%)
La Senza	(4%)	(10%)
Total Victoria's Secret	0%	(10%)
Bath & Body Works	2%	(11%)
Total Comparable Store Sales (a)	1%	(10%)

(a) Includes Bath & Body Works Canada and Henri Bendel.

For the fourth quarter of 2009, our net sales increased $72 million to $3.063 billion and comparable store sales increased 1%. The increase in our net sales was primarily as a result of:

Victoria's Secret

For the fourth quarter of 2009, net sales increased $31 million to $1.798 billion and comparable store sales were flat. The increase in net sales was primarily driven by:

- At Victoria's Secret Stores, net sales increased across most categories, including core lingerie, primarily driven by an improved merchandise assortment and a reduction of promotional activity, partially offset by a decrease in beauty;
- At Victoria's Secret Direct, net sales increased 3% with increases across most categories, including intimate apparel, primarily driven by a merchandise assortment that incorporated newness, innovation and fashion, as well as a decrease in promotional activity;
- At La Senza, net sales increased slightly due to favorable currency fluctuations mostly offset by declines in the La Senza Girl business and a merchandise assortment that did not overcome the challenging economic environment.

Bath & Body Works

For the fourth quarter of 2009, net sales increased $10 million to $1.008 billion and comparable store sales increased 2%. From a merchandise category perspective, net sales were driven by the Signature Collection, antibacterial and home fragrance categories offset by discontinued product lines and our performance brands. The increase in comparable store sales was primarily driven by higher average dollar sales partially offset by a decline in total transactions.

Other

For the fourth quarter of 2009, net sales increased $31 million to $257 million. The increase in net sales was primarily driven by the introduction of Bath & Body Works and Victoria's Secret Pink into Canada.

Gross Profit

For the fourth quarter of 2009, our gross profit increased $225 million to $1.249 billion and our gross profit rate (expressed as a percentage of net sales) increased to 40.8% from 34.3% primarily as a result of:

Victoria's Secret

For the fourth quarter of 2009, gross profit increased primarily driven by:

- At Victoria's Secret Stores, gross profit increased driven by higher merchandise margin dollars as a result of decreased promotional activity coupled with an increase in net sales. Buying and occupancy expenses decreased slightly.
- At Victoria's Secret Direct, gross profit increased driven by higher merchandise margin dollars associated with decreased promotional activity and an increase in net sales. Additionally, buying and occupancy expenses decreased due to lower catalogue costs.

Partially offset by:

- At La Senza, gross profit decreased driven by an increase in buying and occupancy expense related to the closure of the La Senza Girl business, partially offset by an increase in merchandise margin dollars due primarily to favorable currency fluctuations.

The increase in the gross profit rate was driven primarily by an increase in the merchandise margin rate and a decrease in the buying and occupancy expense rate due to the factors cited above.

Bath & Body Works

For the fourth quarter of 2009, gross profit increased primarily driven by higher merchandise margin dollars as a result of a decrease in promotional activity, our cost reduction efforts and an increase in net sales. In addition, buying and occupancy expenses decreased primarily due to store real estate activity that drove incremental expense in 2008.

The increase in the gross profit rate was driven by an increase in the merchandise margin rate and a decrease in the buying and occupancy rate due to the factors cited above.

Other

For the fourth quarter of 2009, gross profit increased primarily driven by the introduction of Bath & Body Works and Victoria's Secret Pink into Canada and the gross profit rate increased as a result of the impact of our international business relative to the lower margin Mast Global third-party sales.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2009, our general, administrative and store operating expenses increased $4 million to $660 million primarily driven by an increase in incentive compensation due to improved performance, partially offset by expense reductions across all our segments in home office in conjunction with our enterprise cost initiatives. In addition, the fourth quarter of 2008 included $23 million of restructuring charges.

The general, administrative and store operating expense rate decreased to 21.5% from 21.9% due to leverage associated with the increase in net sales.

Impairment of Goodwill and Other Intangible Assets

In the fourth quarter of 2009, we recognized charges totaling $3 million related to the impairment of the La Senza Girl trade name and other minor trade names. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2009 Consolidated Statement of Income. 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.

In the fourth quarter of 2008, we recognized charges totaling $215 million related to the impairment of goodwill and trade name assets associated with our La Senza business. The impairment charges were based on our evaluation of the estimated fair value of the La Senza business and trade name assets as compared to their respective carrying values. Our evaluation concluded that as a result of the global economic downturn and the related negative impact on La Senza's operating performance, the fair value of the La Senza business and trade name assets were below their carrying values as of the fourth quarter of 2008. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2008 Consolidated Statement of Income. 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.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2009 and 2008:

Fourth Quarter	2009	2008
Average daily borrowings (in millions)	$2,857	$2,900
Average borrowing rate (in percentages)	6.8%	5.9%

For the fourth quarter of 2009, our interest expense increased $16 million to $61 million. The increase was primarily driven by $8 million of expense associated with terminating a portion of our participating interest rate swap arrangements as well as increases in average borrowing rates and fees related to our Revolving Facility.

Other Income

For the fourth quarter of 2009, our other income increased $11 million to $11 million. The increase was primarily driven by higher income from our equity investment in both Express and Limited Stores in 2009. We divested 75% of our equity interests in Express and Limited Stores in July 2007 and August 2007, respectively, and retained the remaining 25% interests as equity method investments.

Provision for Income Taxes

For the fourth quarter of 2009, our effective tax rate decreased to 33.6% from 85.4%. The decrease in the rate resulted primarily from the 2008 impairment of goodwill and other intangible assets at La Senza in 2008, which was not deductible for income tax purposes. In addition, the rate decreased due to the reversal of deferred tax liabilities on unremitted foreign earnings due to international restructuring in 2009.

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 fall months as inventory builds in anticipation of the holiday period.

The following table provides our outstanding debt as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Senior Secured Debt		
Term Loan due August 2012	$ 0	$ 200
5.30% Mortgage due August 2010	0	2
Total Senior Secured Debt	$ 0	$ 202
Senior Unsecured Debt with Subsidiary Guarantee		
$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount (“2019 Notes”)	$ 486	$ 485
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	400	0
Total Senior Unsecured Debt with Subsidiary Guarantee	$ 886	$ 485
Senior Unsecured Debt		
$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount (“2017 Notes”) (a)	$ 699	$ 699
$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)	215	499
6.125% Fixed Interest Rate Notes due December 2012, Less Unamortized Discount (“2012 Notes”) (c)	58	191
Total Senior Unsecured Debt	$1,621	$2,038
Total	$2,507	$2,725
Current Portion of Long-term Debt	0	(2)
Total Long-term Debt, Net of Current Portion	$2,507	$2,723

(a) The January 29, 2011 balance includes a fair value interest rate hedge adjustment of less than $1 million.
(b) The principal balance outstanding was $213 million as of January 29, 2011 and $500 million as of January 30, 2010. The January 29, 2011 balance includes a fair value interest rate hedge adjustment of $2 million.
(c) The principal balance outstanding was $57 million as of January 29, 2011 and $191 million as of January 30, 2010. The January 29, 2011 balance includes a fair value interest rate hedge adjustment of $1 million.

Issuance of Notes

In June 2009, we issued $500 million of 8.50% notes due in June 2019. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by certain of our wholly owned subsidiaries (the “guarantors”). The net proceeds from the issuance were $473 million, which included an issuance discount of $16 million and transaction costs of $11 million.

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 the guarantors. The net proceeds from the issuance were $390 million, which included transaction costs of $10 million.

Repurchase of Notes

In June 2009, we repurchased $5 million of the 2012 Notes through open-market transactions. In August 2009, we repurchased $103 million of the 2012 Notes through a tender offer for $101 million.

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 our 2014 Notes for $277 million.

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

Credit Facility and Term Loan

2009

On February 19, 2009, we amended our $1 billion unsecured revolving credit facility expiring in August 2012 (the "Revolving Facility"), amended the Term Loan and canceled our $300 million, 364-day unsecured revolving credit facility. We incurred fees related to the amendment of the Revolving Facility and the Term Loan of $19 million. The fees associated with the Revolving Facility amendment of $11 million were capitalized. The remaining cost is being amortized through the maturity date of the Revolving Facility and is included within Other Assets on the Consolidated Balance Sheets. The fees associated with the Term Loan amendment of $8 million were expensed in addition to unamortized fees related to the original agreement of $2 million. These charges are included within Interest Expense on the 2009 Consolidated Statement of Income.

We prepaid $550 million of the Term Loan throughout 2009.

2010

In March 2010, we prepaid the remaining $200 million of the Term Loan with cash on hand and also entered into an amendment and restatement (the "Amendment") of our Revolving Facility. The Amendment established two classes of loans under the Revolving Facility: Class A loans to be made by lenders who consent to the Amendment and Class B loans to be made by non-consenting lenders. The Amendment extended the termination date of the Revolving Facility from August 3, 2012 to August 1, 2014 on Class A loans. The Amendment also reduced the aggregate amount of the commitments of the lenders under the Revolving Facility from $1 billion to $927 million. The loan commitments were $800 million and $127 million for Class A and Class B, respectively.

In July 2010, we terminated the $127 million of commitments for Class B loans related to the Revolving Facility.

Additionally, the Amendment modified the covenants limiting investments and restricted payments to provide 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 3.0 to 1.0 and (b) no default or event of default exists. Our ratio of consolidated debt to consolidated EBITDA was less than 3.0 to 1.0 and we were in compliance with all of our other covenant requirements as of January 29, 2011.

We incurred fees related to the amendment of the Revolving Facility of $13 million which were capitalized and are being amortized through the maturity date of the Revolving Facility.

The Revolving Facility has several interest rate options, which are based in part on our long-term credit ratings. Fees payable under the Revolving Facility are based on our long-term credit ratings and are currently 0.75% of the committed and unutilized amounts per year and 3.50% on any outstanding borrowings or letters of credit. As of January 29, 2011, there were no borrowings outstanding under the Revolving Facility.

Letters of Credit

The Revolving Facility supports our letter of credit program. We have $45 million of outstanding letters of credit as of January 29, 2011 that reduce our remaining availability under our amended credit agreements.

Participating Interest Rate Swap Arrangements

In January 2008, we entered into participating interest rate swap arrangements designated as cash flow hedges to mitigate exposure to interest rate fluctuations related to the Term Loan. In March 2010, we terminated the remaining portion of the participating interest rate swap arrangement totaling $200 million in conjunction with the remaining $200 million Term Loan prepayment. For additional information, see Note 13 included in Item 8. Financial Statements and Supplementary Data.

Fair Value Interest Rate Swap Arrangements

In June 2010, we entered into multiple fair value interest rate swap arrangements to effectively convert all of our outstanding 2012 Notes, all of our outstanding 2014 Notes and $175 million of our outstanding 2017 Notes from a fixed interest rate to a variable interest rate.

In August 2010, we terminated interest rate designated fair value hedges with a notional amount of $21 million in conjunction with the repurchase of $20 million and $1 million of 2014 Notes and 2012 Notes, respectively.

In January 2011, we entered into a series of interest rate swap arrangements to effectively convert an additional $150 million of our outstanding 2017 Notes from a fixed interest rate to a variable interest rate.

For additional information, see Note 13 included in Item 8. Financial Statements and Supplementary 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 January 29, 2011, January 30, 2010 and January 31, 2009:

	January 29, 2011	January 30, 2010	January 31, 2009
		(in millions)	
Cash Provided by Operating Activities	$1,284	$1,174	$ 954
Capital Expenditures	274	202	479
Working Capital	1,088	1,928	1,612
Capitalization:			
Long-term Debt	2,507	2,723	2,897
Shareholders' Equity	1,476	2,183	1,874
Total Capitalization	3,983	4,906	4,771
Additional Amounts Under Credit Agreements (a)	800	1,000	1,300
Remaining Amounts Available Under Credit Agreements (a)	755	935	1,300

(a) As part of the February 19, 2009 amendment to the Revolving Facility, letters of credit issued subsequent to the amendment reduce our remaining availability under the Revolving Facility. We have outstanding letters of credit that reduce our remaining availability under the Revolving Facility of $45 million and $65 million as of January 29, 2011 and January 30, 2010, respectively.

The following table provides certain measures of liquidity and capital resources as of January 29, 2011, January 30, 2010 and January 31, 2009:

	January 29, 2011	January 30, 2010	January 31, 2009
Debt-to-equity Ratio (a)	170%	125%	155%
Debt-to-capitalization Ratio (b)	63%	55%	61%
Cash Flow to Capital Investment (c)	468%	581%	199%

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

Credit Ratings

The following table provides our credit ratings as of January 29, 2011:

	Moody's(a)	S&P	Fitch
Corporate	Ba2	BB+	BB+
Senior Unsecured Debt with Subsidiary Guarantee	Ba1	BB+	BB+
Senior Unsecured Debt	Ba3	BB+	BB
Outlook	Positive	Stable	Stable

(a) In March 2011, Moody's upgraded our corporate rating from Ba2 to Ba1. In addition, Moody's changed their rating outlook from positive to stable.

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

Common Stock Share Repurchases

In March 2010, our Board of Directors approved a new repurchase program of $200 million and cancelled our previous $250 million share repurchase program, which had $31 million remaining. In 2010, we repurchased 6 million shares of common stock for $147 million under the program.

In November 2010, our Board of Directors authorized a new share repurchase program of $200 million which included $53 million remaining under the March 2010 $200 million share repurchase program. In 2010, we repurchased 2 million shares of common stock for $60 million under the program. Subsequent to January 29, 2011, we repurchased an additional 2 million shares of common stock for $76 million under the program.

Dividend Policy and Procedures

During 2010, we paid a common stock dividend of $0.15 per share in cash each quarter.

In March 2010, our Board of Directors declared a special dividend of $1 per share. The special dividend, which totaled $325 million, was distributed on April 19, 2010 to shareholders of record at the close of business on April 5, 2010.

In November 2010, our Board of Directors declared a special dividend of $3 per share. The special dividend, which totaled $966 million, was distributed on December 21, 2010 to shareholders of record at the close of business on December 7, 2010.

In January 2011, our Board of Directors declared a first quarter 2011 common stock dividend of $0.20 per share payable on March 11, 2011 to shareholders of record at the close of business on February 25, 2011. This is a $0.05 increase from our previous quarterly dividends.

Our Board of Directors will determine future dividends after giving consideration to our 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.

Treasury Share Retirement

In January 2010, we retired 201 million shares of our Treasury Stock to reduce the related administrative expense. The retirement resulted in a reduction of $4.641 billion in Treasury Stock, $101 million in the par value of Common Stock, $1.545 billion in Paid-in Capital and $2.995 billion in Retained Earnings.

Cash Flow

The following table provides a summary of our cash flow activity for the fiscal years ended January 29, 2011, January 30, 2010 and January 31, 2009:

	2010	2009	2008
		(in millions)	
Cash and Cash Equivalents, Beginning of Year	$ 1,804	$1,173	$1,018
Net Cash Flows Provided by Operating Activities	1,284	1,174	954
Net Cash Flows Used For Investing Activities	(106)	(162)	(240)
Net Cash Flows Used For Financing Activities	(1,857)	(387)	(562)
Effect of Exchange Rate Changes on Cash	5	6	3
Net Increase (Decrease) in Cash and Cash Equivalents	(674)	631	155
Cash and Cash Equivalents, End of Year	$ 1,130	$1,804	$1,173

Operating Activities

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.

Net cash provided by operating activities in 2009 was $1.174 billion. Net income of $448 million included $393 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 $156 million increase in operating cash flow associated with a reduction in inventories. Inventory levels decreased compared to 2008 due to a concerted effort to control and reduce inventory levels across the enterprise.

Net cash provided by operating activities in 2008 was $954 million. Net income of $216 million included (a) $377 million of depreciation and amortization, (b) a $215 million impairment of goodwill and other intangible assets and (c) a $109 million net gain on joint ventures. 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 $103 million increase in operating cash flow associated with a reduction in accounts receivable due primarily to reduced sourcing and other transition services billings to Express and Limited Stores.

Investing Activities

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.

Net cash used for investing activities in 2009 was $162 million consisting primarily of $202 million of capital expenditures partially offset by $32 million of proceeds related to the sale of an asset. The capital expenditures included $163 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 2008 was $240 million consisting primarily of $479 million of capital expenditures offset by $159 million from the divestiture of a joint venture and $95 million from returns of capital from Express. The capital expenditures included $345 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 $400 million for capital expenditures in 2011 with the majority relating to opening new stores and remodeling and improving existing stores. We expect to open approximately 35 new stores in Canada and the U.S.

Financing Activities

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.

Net cash used for financing activities in 2009 was $387 million consisting primarily of the prepayment of $550 million of our Term Loan, quarterly dividend payments of $0.15 per share, or $193 million, cash payments of $106 million to repurchase 2012 Notes and $19 million of costs related to the amendment of our Revolving Facility and Term Loan in February 2009. These were partially offset by the net proceeds of $473 million from the issuance of $500 million of 2019 Notes.

Net cash used for financing activities in 2008 was $562 million consisting primarily of (a) cash payments of $379 million related to the repurchase of 28 million shares of common stock during the year at a weighted-average price of $13.36 under our November 2007 and October 2008 share repurchase programs and (b) quarterly dividend payments of $0.15 per share, or $201 million. These uses of cash were partially offset by proceeds from the exercise of stock options of $31 million.

Contingent Liabilities and Contractual Obligations

The following table provides our contractual obligations, aggregated by type, including the maturity profile as of January 29, 2011:

	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)	$4,665	$ 181	$ 415	$ 556	$3,513	$ 0
Operating Leases Obligations (b)	3,073	475	829	697	1,072	0
Purchase Obligations (c)	1,597	1,276	182	84	55	0
Other Liabilities (d)	405	58	19	9	0	319
Total	$9,740	$1,990	$1,445	$1,346	$4,640	$319

(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 January 29, 2011. 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 $193 million and 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 $43 million 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 $126 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 $97 million related to lease payments of Express, Limited Stores, Abercrombie & Fitch, Dick's Sporting Goods (formerly Galyan's), Lane Bryant, New York & Company and Anne.x 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 and the remaining years thereafter:

Fiscal Year (in millions)	
2011	$28
2012	22
2013	20
2014	15
2015	7
Thereafter	5
Total	$97

Our guarantees related to Express, Limited Stores and New York & Company require fair value accounting in accordance with U.S. generally accepted accounting principles ("GAAP") in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New York & Company totaled $65 million as of January 29, 2011 and $84 million as of January 30, 2010. The estimated fair value of these guarantee obligations was $6 million as of January 29, 2011 and $9 million as of January 30, 2010, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets. The decrease in the fair value from January 30, 2010 to January 29, 2011 reflects the decrease in the remaining obligation period.

Our guarantees related to Abercrombie & Fitch, Dick's Sporting Goods (formerly Galyan's), Lane Bryant and Anne.x are not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on U.S. 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 January 29, 2011 and January 30, 2010.

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

Fair Value Measurements

In January 2010, the FASB issued Accounting Standards Update 2010-06, which amends ASC Topic 820, *Fair Value Measurement and Disclosures*. This guidance requires new disclosures and provides amendments to clarify existing disclosures. The new requirements include disclosing transfers in and out of Levels 1 and 2 fair value measurements and the reasons for the transfers and further disaggregating activity in Level 3 fair value measurements. The clarification of existing disclosure guidance includes further disaggregation of fair value measurement disclosures for each class of assets and liabilities and providing disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. This guidance is effective for interim and annual reporting periods beginning in 2010, except for the new disclosures regarding the activity in Level 3 measurements, which will be effective in 2011. We adopted this guidance for 2010, except for the new disclosure regarding the activity in Level 3 measurements, which we will adopt beginning in 2011.

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 net sales 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 $3 million for 2010. A 10% increase or decrease in the estimated physical inventory loss adjustment would have impacted net income by approximately $2 million for 2010.

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. The impairment review is performed by comparing each reporting unit's carrying value to its estimated fair value, determined through either estimated discounted future cash flows or market-based methodologies. If the carrying value exceeds the estimated fair value, we determine the fair value of all assets and liabilities of the reporting unit, including the implied fair value of goodwill. If the carrying value of goodwill exceeds the implied fair value, we recognize an impairment charge equal to the difference.

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. The impairment review is performed by comparing the carrying value to the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

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 recorded $313 million in goodwill and $170 million in trade name and other intangible assets. As of January 29, 2011, the carrying value of goodwill and trade names for La Senza is $133 million and $165 million, respectively. These assets are included in the La Senza reporting unit which is part of the Victoria's Secret segment.

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 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. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2008 Consolidated Statement of Income.

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. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2009 Consolidated Statement of Income.

2010

No impairment charges were recorded related to La Senza goodwill and intangible assets during 2010.

Impairment Testing—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 either estimated discounted future cash flows or market-based methodologies. 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.

2008

Based on our 2008 evaluation, 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. As a result of this analysis, we recognized a goodwill impairment charge of $189 million.

2009

Our 2009 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.

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.

Impairment Testing—Trade names

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

2008

Based on our 2008 evaluation, the carrying value of certain La Senza trade name assets exceeded their estimated fair value and, as a result, we recognized trade name impairment charges of $26 million.

2009

In the fourth quarter of 2009, we made the decision to exit the La Senza Girl business and recorded an impairment charge of $3 million related to the La Senza Girl trade name and other minor sub-brands. Our 2009 evaluation of the overall La Senza trade name indicated that the estimated fair value was in excess of the carrying value. As a result, no impairment was recognized with regards to this asset.

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.

Significant Estimates and Assumptions

Our determination of the estimated fair value of the La Senza reporting unit and trade name 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) discount rates used to derive the present value factors used in determining the fair values; (iii) the terminal value assumption used in the discounted cash flow methodologies; and (iv) 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. If La Senza's future cash flows are different than those projected by management, additional future impairment charges may be required.

Sensitivity Analysis

The following provides sensitivities to our 2010 significant estimates and assumptions as noted above:

- a 10% decrease in estimated future cash flows would not result in goodwill or trade name impairment charges.
- a 1% increase in the discount rate would not result in goodwill or trade name impairment charges.
- a 10% decrease in the terminal value assumption would not result in goodwill or trade name impairment charges.

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.

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, the amount of 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. We record an accrual for more likely than not exposures after evaluating the positions associated with our various income tax filings. 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

Retail

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. For direct channel revenues, we estimate shipments that have not been received by the customer based on shipping terms and historical delivery times. We also provide a reserve for projected merchandise returns based on prior experience.

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.

Other

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.

Additionally, we 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.

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

Our foreign exchange rate translation exposure is primarily the result of the January 2007 acquisition of La Senza Corporation, whose operations are conducted primarily in Canada. To mitigate the translation risk to our earnings and the fair value of our investment in La Senza associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate, we entered into a series of cross-currency swaps related to Canadian dollar denominated intercompany loans. These cross-currency swaps require the periodic exchange of fixed rate Canadian dollar interest payments for fixed rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S.

dollar principal payments upon maturity. The swap arrangements mature between 2015 and 2018 at the same time as the related loans. As a result of the Canadian dollar denominated intercompany loans and the related cross-currency swaps, we do not believe there is any material translation risk to La Senza's net earnings associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate.

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

Interest Rate Risk

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

All of our long-term debt as of January 29, 2011 has fixed interest rates. In June 2010, we entered into a series of interest rate swap arrangements related to all of our outstanding 2012 Notes, all of our outstanding 2014 Notes and $175 million of our outstanding 2017 Notes. In August 2010, we terminated $21 million of these interest rate swap arrangements in conjunction with the repurchase of $20 million and $1 million of 2014 Notes and 2012 Notes, respectively. In January 2011, we entered into a series of interest rate swap arrangements related to an additional $150 million of our outstanding 2017 Notes. The effect of the interest rate swap arrangements is to convert the respective amount of debt from a fixed interest rate to a variable interest rate. The variable interest rate associated with these swap arrangements fluctuates based on changes in the three-month London Interbank Offered Rate ("LIBOR").

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

Fair Value of Financial Instruments

As of January 29, 2011, 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 January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Long-term Debt:		
Carrying Value	$2,507	$2,725
Fair Value, Estimated (a) (b)	2,638	2,690
Cross-currency Swap Arrangements (c) (d)	57	34
Participating Interest Rate Swap Arrangement (c) (e)	0	10
Fixed-to-Floating Interest Rate Swap Arrangements (c) (f)	(3)	0

(a) The estimated fair value of our publicly traded debt is based on quoted market prices. The estimated fair value of our Term Loan is equal to its carrying value. The estimates presented are not necessarily indicative of the amounts that we could realize in a current market exchange.

(b) The decrease in the estimated fair value of our long-term debt reflects the prepayment of the Term Loan partially offset by an increase in the estimated fair value of our remaining long-term debt.
(c) Swap arrangements are in an (asset) liability position.
(d) The change in fair value of the cross-currency swap arrangements from January 30, 2010 to January 29, 2011 is primarily due to the fluctuations in the U.S. dollar-Canadian dollar exchange rate.
(e) The change in fair value of the participating interest rate swap arrangement from January 30, 2010 to January 29, 2011 is due to the termination and settlement of portions of the participating interest rate swap arrangements in conjunction with prepayment of our Term Loan in 2010.
(f) Represents multiple interest rate swap arrangements entered into during 2010 related to various outstanding notes to effectively convert the fixed interest rate on the related debt to a variable interest rate based on three-month London Interbank Offered Rate plus a fixed interest rate.

Concentration of Credit Risk

We maintain cash and cash equivalents with various major financial institutions. 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 monitor the relative credit standing of financial institutions and other entities with whom we transact and limit the amount of credit exposure with any one entity. We also monitor the creditworthiness of entities to which we grant credit terms in the normal course of business and counterparties to derivative instruments.

ITEM 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 2010, 2009 and 2008 represent the 52 week period ending January 29, 2011, January 30, 2010 and January 31, 2009, 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 January 29, 2011. 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 January 29, 2011.

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 January 29, 2011.

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

To 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 January 29, 2011, 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 January 29, 2011, 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 January 29, 2011 and January 30, 2010, and the related Consolidated Statements of Income, Total Equity, and Cash Flows for each of the three years in the period ended January 29, 2011 of Limited Brands, Inc. and subsidiaries, and our report dated March 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio
March 18, 2011

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

To 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 January 29, 2011 and January 30, 2010, and the related Consolidated Statements of Income, Total Equity, and Cash Flows for each of the three years in the period ended January 29, 2011. 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 January 29, 2011 and January 30, 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 29, 2011, 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 January 29, 2011, 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 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio
March 18, 2011

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions except per share amounts)

	2010	2009	2008
Net Sales	$ 9,613	$ 8,632	$ 9,043
Costs of Goods Sold, Buying and Occupancy	(5,982)	(5,604)	(6,037)
Gross Profit	3,631	3,028	3,006
General, Administrative and Store Operating Expenses	(2,341)	(2,166)	(2,311)
Impairment of Goodwill and Other Intangible Assets	(6)	(3)	(215)
Net Gain on Joint Ventures	0	9	109
Operating Income	1,284	868	589
Interest Expense	(208)	(237)	(181)
Interest Income	2	2	18
Other Income	173	17	23
Income Before Income Taxes	1,251	650	449
Provision for Income Taxes	446	202	233
Net Income	805	448	216
Less: Net Loss Attributable to Noncontrolling Interest	0	0	(4)
Net Income Attributable to Limited Brands, Inc.	$ 805	$ 448	$ 220
Net Income Attributable to Limited Brands, Inc. Per Basic Share	$ 2.49	$ 1.39	$ 0.66
Net Income Attributable to Limited Brands, Inc. Per Diluted Share	$ 2.42	$ 1.37	$ 0.65

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

LIMITED BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

(in millions except per share amounts)

	January 29, 2011	January 30, 2010
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$1,130	$1,804
Accounts Receivable, Net	232	219
Inventories	1,032	1,037
Deferred Income Taxes	35	30
Other	163	160
Total Current Assets	2,592	3,250
Property and Equipment, Net	1,610	1,723
Goodwill	1,451	1,442
Trade Names and Other Intangible Assets, Net	592	594
Other Assets	206	164
Total Assets	$6,451	$7,173
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	$ 545	$ 488
Accrued Expenses and Other	765	693
Income Taxes	194	141
Total Current Liabilities	1,504	1,322
Deferred Income Taxes	202	213
Long-term Debt	2,507	2,723
Other Long-term Liabilities	761	731
Shareholders' Equity:		
Preferred Stock—$1.00 par value; 10 shares authorized; none issued	0	0
Common Stock—$0.50 par value; 1,000 shares authorized; 329 and 323 shares issued; 321 and 323 shares outstanding, respectively	164	161
Paid-in Capital	164	0
Accumulated Other Comprehensive Income (Loss)	1	(15)
Retained Earnings	1,354	2,037
Less: Treasury Stock, at Average Cost; 8 and 0 shares, respectively	(207)	0
Total Limited Brands, Inc. Shareholders' Equity	1,476	2,183
Noncontrolling Interest	1	1
Total Equity	1,477	2,184
Total Liabilities and Equity	$6,451	$7,173

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

Form 10-K

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF TOTAL EQUITY

(in millions except per share amounts)

	Common Stock							
	Shares Outstanding	Par Value	Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity
Balance, February 2, 2008	346	$ 262	$ 1,550	$ 31	$ 4,758	$(4,382)	$ 55	$ 2,274
Capital Contributions from Noncontrolling Interest and Other	0	0	0	0	0	0	4	4
Divestiture of Personal Care Business	0	0	0	0	0	0	(54)	(54)
Comprehensive Income (Loss):								
Net Income (Loss)	0	0	0	0	220	0	(4)	216
Foreign Currency Translation	0	0	0	(34)	0	0	0	(34)
Unrealized Gain on Cash Flow Hedges	0	0	0	65	0	0	0	65
Reclassification of Cash Flow Hedges to Earnings	0	0	0	(90)	0	0	0	(90)
Total Comprehensive Income (Loss)	0	0	0	(59)	220	0	(4)	157
Cash Dividends ($0.60 per share)	0	0	0	0	(201)	0	0	(201)
Repurchase of Common Stock	(28)	0	0	0	0	(371)	0	(371)
Exercise of Stock Options and Other	3	0	(6)	0	0	72	0	66
Balance, January 31, 2009	321	$ 262	$ 1,544	$(28)	$ 4,777	$(4,681)	$ 1	$ 1,875
Comprehensive Income (Loss):								
Net Income	0	0	0	0	448	0	0	448
Foreign Currency Translation	0	0	0	(2)	0	0	0	(2)
Unrealized Loss on Cash Flow Hedges	0	0	0	(56)	0	0	0	(56)
Reclassification of Cash Flow Hedges to Earnings	0	0	0	71	0	0	0	71
Total Comprehensive Income (Loss)	0	0	0	13	448	0	0	461
Cash Dividends ($0.60 per share)	0	0	0	0	(193)	0	0	(193)
Treasury Share Retirement	0	(101)	(1,545)	0	(2,995)	4,641	0	0
Exercise of Stock Options and Other	2	0	1	0	0	40	0	41
Balance, January 30, 2010	323	$ 161	$ 0	$(15)	$ 2,037	$ 0	$ 1	$ 2,184
Comprehensive Income (Loss):								
Net Income	0	0	0	0	805	0	0	805
Foreign Currency Translation	0	0	0	(1)	0	0	0	(1)
Unrealized Loss on Cash Flow Hedges	0	0	0	(24)	0	0	0	(24)
Reclassification of Cash Flow Hedges to Earnings	0	0	0	41	0	0	0	41
Total Comprehensive Income (Loss)	0	0	0	16	805	0	0	821
Cash Dividends ($4.60 per share)	0	0	0	0	(1,488)	0	0	(1,488)
Repurchase of Common Stock	(8)	0	0	0	0	(207)	0	(207)
Exercise of Stock Options and Other	6	3	164	0	0	0	0	167
Balance, January 29, 2011	321	$ 164	$ 164	$ 1	$ 1,354	$ (207)	$ 1	$ 1,477

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

LIMITED BRANDS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	2010	2009	2008
Operating Activities			
Net Income	$ 805	$ 448	$ 216
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization of Long-lived Assets	394	393	377
Amortization of Landlord Allowances	(35)	(36)	(34)
Goodwill and Intangible Asset Impairment Charges	6	3	215
Deferred Income Taxes	(24)	49	46
Share-based Compensation Expense	64	40	35
Excess Tax Benefits From Share-based Compensation	(19)	0	(2)
Net Gain on Joint Ventures	0	(9)	(109)
Gain on Distribution from Express	(49)	0	(13)
Gain on Express Initial Public Offering	(52)	0	0
Gain on Sale of Express Common Stock	(45)	0	0
Gain on Divestiture of Limited Stores	(20)	0	0
(Gain) Loss on Extinguishment of Debt	25	(2)	0
Changes in Assets and Liabilities, Net of Assets and Liabilities from Acquisitions:			
Accounts Receivable	(11)	22	103
Inventories	9	156	45
Accounts Payable, Accrued Expenses and Other	112	17	(39)
Income Taxes Payable	73	44	(39)
Other Assets and Liabilities	51	49	153
Net Cash Provided by Operating Activities	1,284	1,174	954
Investing Activities			
Capital Expenditures	(274)	(202)	(479)
Net Proceeds from the Divestiture of Joint Venture	0	9	159
Return of Capital from Express	49	0	95
Return of Capital from Limited Stores	7	0	0
Proceeds from Divestiture of Limited Stores	32	0	0
Proceeds from Sales of Express Common Stock	73	0	0
Proceeds from Sale of Assets	0	32	0
Other Investing Activities	7	(1)	(15)
Net Cash Used for Investing Activities	(106)	(162)	(240)
Financing Activities			
Proceeds from Long-term Debt, Net of Issuance and Discount Costs	390	473	0
Payments of Long-term Debt	(645)	(656)	(15)
Repurchase of Common Stock	(207)	0	(379)
Dividends Paid	(1,488)	(193)	(201)
Financing Costs	(14)	(19)	0
Excess Tax Benefits from Share-based Compensation	19	0	2
Proceeds From Exercise of Stock Options and Other	88	8	31
Net Cash Used for Financing Activities	(1,857)	(387)	(562)
Effects of Exchange Rate Changes on Cash	5	6	3
Net Increase (Decrease) in Cash and Cash Equivalents	(674)	631	155
Cash and Cash Equivalents, Beginning of Year	1,804	1,173	1,018
Cash and Cash Equivalents, End of Year	$ 1,130	$1,804	$1,173

The accompanying Notes are an integral part of these 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 specialty retail stores in the United States and Canada, which are primarily mall-based, and through its websites, catalogue and other channels. The Company currently operates the following retail brands:

- Victoria's Secret
- Victoria's Secret Pink
- La Senza
- Bath & Body Works
- C.O. Bigelow
- The White Barn Candle Company
- Henri Bendel

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "2010", "2009" and "2008" refer to the 52-week periods ending January 29, 2011, January 30, 2010 and January 31, 2009, 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's Consolidated Financial Statements also include less than 100% owned variable interest entities in which the Company is designated as the primary beneficiary.

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.

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. 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 no longer records 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. The Company believes the cost method of accounting, rather than the available for sale method, is appropriate because the Company's shares of Express' common stock are not registered and are subject to certain market and contractual restrictions.

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 merchandise sourcing sales 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 no longer records equity income (loss) from Limited Stores and also began recognizing 100% of merchandise sourcing sales to Limited Stores.

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 \$74 million as of January 29, 2011 and \$76 million as of January 30, 2010, are included in Accounts Payable on the Consolidated Balance Sheets.

Concentration of Credit Risk

The Company maintains cash and cash equivalents with various major financial institutions. 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 monitors the relative credit standing of financial institutions and other entities with whom the Company transacts and limits the amount of credit exposure with any one entity. The Company also monitors the creditworthiness of entities to which the Company grants credit terms in the normal course of business and counterparties to derivative instruments.

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 $20 million and $19 million as of January 29, 2011 and January 30, 2010, 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 $473 million for 2010, $459 million for 2009 and $502 million for 2008.

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. The Company estimates the fair value of property and equipment in accordance with the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures.*

Goodwill and Intangible Assets

The Company has certain intangible assets resulting from business combinations that are recorded at cost. Intangible assets with finite lives are amortized primarily on a straight-line basis over their respective estimated useful lives ranging from 3 to 20 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 represents the excess of the purchase price over the estimated fair value of the net assets acquired. Goodwill is not subject to periodic amortization. Goodwill is reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. The impairment review is performed by comparing each reporting unit's carrying value to its estimated fair value, determined through either estimated discounted future cash flows or market-based methodologies. If the carrying value exceeds the estimated fair value, the Company determines the fair value of all assets and liabilities of the reporting unit, including the implied fair value of goodwill. If the carrying value of goodwill exceeds the implied fair value, the Company recognizes an impairment charge equal to the difference.

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. The impairment review is performed by comparing the carrying value to the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

The Company estimates the fair value of 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.

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 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 $105 million as of January 29, 2011 and $97 million as of January 30, 2010. These liabilities are included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company receives 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 $193 million as of January 29, 2011 and $210 million as of January 30, 2010, 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 Accumulated Other Comprehensive Income (Loss) within the Consolidated Statements of Total Equity.

Derivative Financial Instruments

The Company uses derivative instruments designated as cash flow hedges, 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 has 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 of Financial Instruments

The authoritative guidance included in 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.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, the amount of 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. The Company records an accrual for more likely than not exposures after evaluating the positions associated with its various income tax filings. 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 stock options is recognized, net of estimated forfeitures, using a single option approach (each option is valued as one grant, irrespective of the number of vesting tranches). Compensation cost for restricted stock is recognized, net of estimated forfeitures, over the requisite service period.

During 2008 and 2009, the Company followed a policy of issuing treasury shares to satisfy award exercises or conversions. Beginning in 2010, the Company adopted a policy of issuing new shares to satisfy award exercises or conversions.

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.

Other

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.

Additionally, the Company 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.

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

Fair Value Measurements

In January 2010, the Financial Accounting Standards Board issued Accounting Standard Update 2010-06, which amends Accounting Standards Codification ("ASC 820"), *Fair Value Measurement and Disclosures*. This guidance requires new disclosures and provides amendments to clarify existing disclosures. The new requirements include disclosing transfers in and out of Levels 1 and 2 fair value measurements and the reasons for the transfers and further disaggregating activity in Level 3 fair value measurements. This guidance is effective for interim and annual reporting periods beginning in 2010, except for the new disclosures regarding the activity in Level 3 measurements, which will be effective in 2011. The Company adopted this guidance for 2010, except for the new disclosure regarding the activity in Level 3 measurements, which the Company will adopt beginning in 2011.

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 2010, 2009 and 2008:

	2010	2009	2008
	(in millions)		
Weighted-average Common Shares:			
Issued Shares (a)	326	524	524
Treasury Shares (a)	(3)	(202)	(189)
Basic Shares	323	322	335
Effect of Dilutive Options and Restricted Stock	10	5	2
Diluted Shares	333	327	337
Anti-dilutive Options and Awards (b)	2	12	15

(a) In January 2010, the Company retired 201 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

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 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 ($42 million net of related tax benefits). The pre-tax gain is included in Other Income on the 2010 Consolidated Statement of Income. For additional information, see Note 9, "Equity Investments and Other."

Joint Venture

In April 2008, the Company and its investment partner completed the divestiture of a joint venture, which the Company consolidated, to a third-party. The Company recognized a pre-tax gain of $128 million and received pre-tax proceeds of $168 million on the divestiture. The pre-tax gain is included in Net Gain on Joint Ventures on the 2008 Consolidated Statement of Income. Total proceeds included $24 million which was to be held in escrow until September 2009 to cover any post-closing contingencies. In December 2008, $15 million of $24 million in funds held in escrow were distributed to the Company. In September 2009, the remaining $9 million in funds held in escrow were distributed to the Company.

5. Restructuring Activities

During the fourth quarter of 2008, the Company initiated a restructuring program designed to resize the Company's corporate infrastructure and to adjust for the impact of the current retail environment. This program resulted in the elimination of approximately 400 positions (or 10%) of the Company's corporate and home office headcount. The Company recognized a pre-tax charge consisting of severance and related costs of $23 million for the fiscal year ended January 31, 2009. These costs are included in General, Administrative and Store Operating Expenses on the 2008 Consolidated Statement of Income. The Company made cash payments of $15 million in 2009 related to this restructuring program. In addition, the liability was further reduced by $2 million in 2009 related to changes in estimates. In 2010, the Company made additional cash payments of $4 million with the remaining $2 million included in Accrued Expenses and Other on the Consolidated Balance Sheet as of January 29, 2011.

6. Inventories

The following table provides inventories as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Finished Goods Merchandise	$ 956	$ 973
Raw Materials and Merchandise Components	76	64
Total Inventories	$1,032	$1,037

7. Property and Equipment, Net

The following table provides property and equipment, net as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Land	$ 61	$ 60
Buildings and Improvements	395	390
Furniture, Fixtures, Software and Equipment	2,466	2,429
Leaseholds and Improvements	1,196	1,151
Construction in Progress	65	28
Total	4,183	4,058
Accumulated Depreciation and Amortization	(2,573)	(2,335)
Property and Equipment, Net	$ 1,610	$ 1,723

Depreciation expense was $387 million in 2010, $387 million in 2009 and $371 million in 2008.

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

Goodwill

The following table provides the rollforward of goodwill for the fiscal years ended January 29, 2011 and January 30, 2010:

	Victoria's Secret	Bath & Body Works	Total
		(in millions)	
Balance as of January 31, 2009	$798	$628	$1,426
Foreign Currency Translation	16	0	16
Balance as of January 30, 2010	814	628	1,442
Foreign Currency Translation	9	0	9
Balance as of January 29, 2011	$823	$628	$1,451

Intangible Assets—Indefinite Lives

Intangible assets with indefinite lives represent the Victoria's Secret, Bath & Body Works and La Senza trade names. These assets totaled $576 million as of January 29, 2011 and $566 million as of January 30, 2010 and are included in Trade Names and Other Intangible Assets, Net on the Consolidated Balance Sheets.

Intangible Assets—Finite Lives

The following table provides intangible assets with finite lives as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Intellectual Property	$ 41	$ 41
Trademarks/Brands	19	19
Licensing Agreements and Customer Relationships	24	23
Favorable Operating Leases	20	19
Total	104	102
Accumulated Amortization	(88)	(74)
Intangible Assets, Net	$ 16	$ 28

Amortization expense was $7 million for 2010 and $6 million for 2009 and 2008. Estimated future annual amortization expense will be approximately $6 million in 2011, $3 million in 2012, $3 million in 2013, $2 million in 2014 and $2 million thereafter.

Impairment Charges

La Senza

In conjunction with the January 2007 acquisition of La Senza, the Company recorded $313 million in goodwill, $170 million in intangible assets with indefinite lives and $26 million in intangible assets with finite lives. These assets are included in the La Senza reporting unit which is part of the Victoria's Secret reportable segment.

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 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. The goodwill impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2008 Consolidated Statement of Income.

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. These impairment charges are included in Impairment of Goodwill and Other Intangible Assets on the 2008 Consolidated Statement of Income.

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. This impairment charge is included in Impairment of Goodwill and Other Intangible Assets on the 2009 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

Express

In July 2007, the Company completed the divestiture of 75% of its ownership interest in Express. In conjunction with the transaction, the Company and Express entered into transition services agreements whereby the Company provided support to Express in various operational areas including logistics, technology and merchandise sourcing. The terms of these transition services arrangements varied and ranged from three months to three years.

In October 2009, the Company entered into new agreements with Express whereby the Company will continue to provide logistics services and lease office space. The Company also continues to provide merchandise sourcing services to Express.

The Company recognized merchandise sourcing revenue from Express of $384 million in 2010, $344 million in 2009 and $435 million in 2008. These amounts are net of the elimination of merchandise sourcing revenue equal to the Company's ownership percentage through the second quarter of 2010. The Company's accounts receivable from Express for merchandise sourcing and other services provided totaled $74 million as of January 29, 2011 and $80 million as of January 30, 2010.

In March 2008, Express distributed cash to its owners and the Company received $41 million. The Company's portion representing a return on capital was $13 million and is included in Other Assets and Liabilities within the Operating Activities section of the 2008 Consolidated Statement of Cash Flows. The remaining portion of $28 million represents a return of capital and is included in Return of Capital from Express within the Investing Activities section of the 2008 Consolidated Statement of Cash Flows.

In July 2008, Express distributed additional cash to its owners and the Company received $71 million. The Company's portion representing a return on capital was $4 million with the remaining $67 million representing a return of capital. The presentation is consistent with the March 2008 cash distribution within the 2008 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 approximately $13 million was recorded. The gain is included in Other Income on the 2008 Consolidated Statement of Income.

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 approximately $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 no longer records 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. The Company believes the cost method of accounting, rather than the available for sale method, is appropriate because the Company's shares of Express' common stock are not registered and are subject to certain market and contractual restrictions.

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.

The Company's investment carrying value under the cost method of accounting is $29 million as of January 29, 2011. The Company's investment carrying value under the equity method of accounting was $5 million as of January 30, 2010. These amounts are included in Other Assets on the Consolidated Balance Sheets. The value of the Company's investment in Express based on the closing price of Express' common stock on January 28, 2011 was $218 million. However, this value may not be indicative of the amount the Company would realize in the ultimate disposition of its shares because the timing and amount of any future sales of the Company's shares are subject to certain market and contractual restrictions.

Limited Stores

In August 2007, the Company completed the divestiture of 75% of its ownership interest in Limited Stores. In conjunction with the transaction, the Company and Limited Stores entered into transition services agreements whereby the Company provided support to Limited Stores in various operational areas including logistics, technology and merchandise sourcing. The terms of these transition services arrangements varied and ranged from three months to three years.

In June 2010, the Company entered into a new agreement with Limited Stores whereby the Company will continue to provide logistics services. The Company also continues to provide merchandise sourcing services to Limited Stores.

The Company recognized merchandise sourcing revenue from Limited Stores of $62 million in 2010, $58 million in 2009 and $92 million in 2008. The amounts are net of the elimination of merchandise sourcing revenue equal to the Company's ownership percentage. The Company's accounts receivable from Limited Stores for merchandise sourcing and other services provided totaled $9 million as of January 29, 2011 and $10 million as of January 30, 2010.

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 ($42 million net of related tax benefits). The pre-tax gain is included in Other Income on the 2010 Consolidated Statement of Income. The Company no longer records equity income (loss) from Limited Stores in Other Income on the Consolidated Statement of Income. The Company also began recognizing 100% of merchandise sourcing sales to Limited Stores following the divestiture. The Company's investment carrying value for Limited Stores was $13 million as of January 30, 2010. This amount is included in Other Assets on the Consolidated Balance Sheet.

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 $69 million as of January 29, 2011, $66 million as of January 30, 2010 and $63 million as of January 31, 2009 and are recorded in Other Assets on the Consolidated Balance Sheets.

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

Total assets of ETC were approximately $227 million as of January 29, 2011, $241 million as of January 30, 2010 and $253 million as of January 31, 2009.

Other

In April 2008, the Company recorded a pre-tax impairment charge of $19 million related to an unconsolidated joint venture accounted for under the equity method of accounting. The charge consisted of writing down the investment balance, reserving certain accounts and notes receivable and accruing a contractual liability. The impairment of $19 million is included in Net Gain on Joint Ventures on the 2008 Consolidated Statement of Income. In July 2009, the Company recognized a pre-tax gain of $9 million ($14 million net of related tax benefits) associated with the reversal of the accrued contractual liability as a result of the divestiture of the joint venture. The pre-tax gain is included in Net Gain on Joint Ventures on the 2009 Consolidated Statement of Income.

10. Accrued Expenses and Other

The following table provides additional information about the composition of accrued expenses and other as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Compensation, Payroll Taxes and Benefits	$194	$180
Deferred Revenue , Principally from Gift Card Sales	191	181
Taxes, Other Than Income	68	72
Insurance	34	34
Returns Reserve	30	31
Interest	29	30
Rent	22	20
Current Portion of Long-term Debt	0	2
Other	197	143
Total Accrued Expenses and Other	$765	$693

11. Income Taxes

The following table provides the components of the Company's provision for income taxes for 2010, 2009 and 2008:

	2010	2009	2008
	(in millions)		
Current:			
U.S. Federal	$406	$138	$151
U.S. State	54	1	13
Non-U.S.	10	14	23
Total	470	153	187
Deferred:			
U.S. Federal	(20)	47	38
U.S. State	(3)	8	15
Non-U.S.	(1)	(6)	(7)
Total	(24)	49	46
Provision for Income Taxes	$446	$202	$233

The foreign component of pre-tax income, arising principally from overseas operations, was income of $42 million and $84 million for 2010 and 2009, respectively, and a loss of $90 million for 2008. The 2008 loss included the impact of the $215 million impairment of goodwill and other intangible assets and changes in transfer pricing.

The following table provides the reconciliation between the statutory federal income tax rate and the effective tax rate for 2010, 2009 and 2008:

	2010	2009	2008
Federal Income Tax Rate	35.0%	35.0%	35.0%
State Income Taxes, Net of Federal Income Tax Effect	3.5%	3.7%	5.0%
State Net Operating Loss and Valuation Allowance Adjustment	(0.1%)	0.3%	2.2%
Deductible Loss on Divestiture of Limited Stores	(2.4%)	0.0%	0.0%
Non-deductible Impairment of Goodwill and Other Intangible Assets	0.0%	0.3%	14.2%
Impact of Non-U.S. Operations	0.5%	(5.0%)	0.0%
Other Items, Net	(0.9%)	(3.2%)	(4.9%)
Effective Tax Rate	35.6%	31.1%	51.5%

The Company's effective tax rate has historically reflected a provision related to the undistributed earnings of foreign affiliates, but the related taxes are not paid until the earnings are deemed repatriated to the United States. The Company has historically recorded a deferred tax liability for those undistributed earnings. Currently, no deferred tax liability is recorded on foreign affiliated earnings as the tax basis is greater than the carrying value. In the fourth quarter of 2009, the Company executed a re-organization of certain of its foreign subsidiaries which resulted in the recognition of a non-cash income tax benefit of $21 million associated with the reversal of deferred tax liabilities associated with undistributed earnings of a foreign subsidiary.

Deferred Taxes

The following table provides the effect of temporary differences that cause deferred income taxes as of January 29, 2011 and January 30, 2010. 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.

	January 29, 2011			January 30, 2010		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	(in millions)					
Leases	$ 39	$ 0	$ 39	$ 37	$ 0	$ 37
Non-qualified Retirement Plan	73	0	73	63	0	63
Inventory	7	0	7	2	0	2
Property and Equipment	0	(154)	(154)	0	(177)	(177)
Goodwill	0	(15)	(15)	0	(15)	(15)
Trade Names and Other Intangibles	0	(183)	(183)	0	(184)	(184)
Other Comprehensive Income Items	3	0	3	9	0	9
State Net Operating Loss Carryforwards	31	0	31	33	0	33
Non-U.S. Operating Loss Carryforwards	38	0	38	32	0	32
Valuation Allowance	(50)	0	(50)	(38)	0	(38)
Other, Net	42	0	42	53	0	53
Total Deferred Income Taxes	$183	$(352)	$(169)	$191	$(376)	$(185)

As of January 29, 2011, the Company had available for state income tax purposes net operating loss carryforwards which expire, if unused, in the years 2011 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 January 29, 2011, the Company had available for non-U.S. tax purposes net operating loss carryforwards which expire, if unused, in the years 2028 through 2031. 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 entity.

Income taxes payable on the accompanying Consolidated Balance Sheets included net current deferred tax liabilities of $2 million as of January 29, 2011 and $2 million as of January 30, 2010. Income tax payments were $376 million for 2010, $118 million for 2009 and $205 million for 2008.

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 2010 and 2009 without interest and penalties:

	2010	2009
	(in millions)	
Gross Unrecognized Tax Benefits, as of the Beginning of the Fiscal Year	$115	$116
Increases in Unrecognized Tax Benefits for Prior Years	17	18
Decreases in Unrecognized Tax Benefits for Prior Years	(17)	(31)
Increases in Unrecognized Tax Benefits as a Result of Current Year Activity	40	26
Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	(2)	(9)
Decreases to Unrecognized Tax Benefits as a Result of a Lapse of the Applicable Statute of Limitations	(6)	(6)
Foreign Currency Translation	0	1
Gross Unrecognized Tax Benefits, as of the End of the Fiscal Year	$147	$115

Of the $147 million and $115 million of total unrecognized tax benefits at January 29, 2011 and January 30, 2010, respectively, approximately $130 million and $100 million, respectively, represents 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. The unrecognized tax benefits are included within Other Long-term Liabilities on the Consolidated Balance Sheets.

Of the total unrecognized tax benefits, it is reasonably possible that $43 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 liabilities 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 $2 million in 2010, benefit of $7 million in 2009 and expense of $7 million in 2008. The Company has accrued approximately $32 million and $30 million for the payment of interest and penalties as of January 29, 2011 and January 30, 2010, 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 2010, the Company was subject to examination by the IRS for calendar years 2007 through 2010. The Company is also subject to various U.S. state and local income tax examinations for the years 2002 to 2009. Finally, the Company is subject to multiple non-U.S. tax jurisdiction examinations for the years 2002 to 2009. 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 January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Senior Secured Debt		
Term Loan due August 2012. Variable Interest Rate of 4.28% as of January 30, 2010	$ 0	$ 200
5.30% Mortgage due August 2010	0	2
Total Senior Secured Debt	$ 0	$ 202
Senior Unsecured Debt with Subsidiary Guarantee		
$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount ("2019 Notes")	$ 486	$ 485
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 ("2020 Notes")	400	0
Total Senior Unsecured Debt with Subsidiary Guarantee	$ 886	$ 485
Senior Unsecured Debt		
$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount ("2017 Notes") (a)	$ 699	$ 699
$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)	215	499
6.125% Fixed Interest Rate Notes due December 2012, Less Unamortized Discount ("2012 Notes") (c)	58	191
Total Senior Unsecured Debt	$1,621	$2,038
Total	$2,507	$2,725
Current Portion of Long-term Debt	0	(2)
Total Long-term Debt, Net of Current Portion	$2,507	$2,723

(a) The January 29, 2011 balance includes a fair value interest rate hedge adjustment of less than $1 million.

(b) The principal balance outstanding was $213 million as of January 29, 2011 and $500 million as of January 30, 2010. The January 29, 2011 balance includes a fair value interest rate hedge adjustment of $2 million.

(c) The principal balance outstanding was $57 million as of January 29, 2011 and $191 million as of January 30, 2010. The January 29, 2011 balance includes a fair value interest rate hedge adjustment of $1 million.

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)	
2011	$ 0
2012	57
2013	0
2014	213
2015	0
Thereafter	2,250

Cash paid for interest was $209 million in 2010, $250 million in 2009 and $174 million in 2008.

Issuance of Notes

In June 2009, the Company issued $500 million of 8.50% notes due in June 2019. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by certain of the Company's wholly owned subsidiaries (the "guarantors"). The net proceeds from the issuance were $473 million, which included an issuance discount of $16 million and transaction costs of $11 million. These transaction costs are being amortized through the maturity date of June 2019 and are included within Other Assets on the Consolidated Balance Sheets.

In May 2010, the Company 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 the guarantors. The net proceeds from the issuance were $390 million, which included transaction costs of $10 million. These transaction costs are being amortized through the maturity date of May 2020 and are included within Other Assets on the 2010 Consolidated Balance Sheet.

Repurchase of Notes

In June 2009, the Company repurchased $5 million of the 2012 Notes through open-market transactions. In August 2009, the Company repurchased $103 million of the 2012 Notes through a tender offer for $101 million. The gain on extinguishment of this debt of $2 million is included in Other Income on the 2009 Consolidated Statement of Income.

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 of $25 million is included in Other Income on the 2010 Consolidated Statement of Income.

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

Credit Facility and Term Loan

2009

On February 19, 2009, the Company amended its $1 billion unsecured revolving credit facility expiring in August 2012 (the "Revolving Facility"), amended its Term Loan for $750 million maturing in August 2012 and canceled its $300 million, 364-day unsecured revolving credit facility. The Company incurred fees related to the amendment of the Revolving Facility and the Term Loan of $19 million. The fees associated with the Revolving Facility amendment of $11 million were capitalized. The remaining cost is being amortized through the maturity date of the Revolving Facility and is included within Other Assets on the Consolidated Balance Sheets. The fees associated with the Term Loan amendment of $8 million were expensed in addition to unamortized fees related to the original agreement of $2 million. These charges are included within Interest Expense on the 2009 Consolidated Statement of Income.

The Company prepaid $550 million of the Term Loan throughout 2009.

2010

In March 2010, the Company prepaid the remaining $200 million of the Term Loan with cash on hand and also entered into an amendment and restatement (the "Amendment") of its Revolving Facility. The Amendment established two classes of loans under the Revolving Facility: Class A loans to be made by lenders who consent to the Amendment and Class B loans to be made by non-consenting lenders. The Amendment extended the termination date of the Revolving Facility from August 3, 2012 to August 1, 2014 on Class A loans. The Amendment also reduced the aggregate amount of the commitments of the lenders under the Revolving Facility from $1 billion to $927 million. The loan commitments were $800 million and $127 million for Class A and Class B, respectively.

In July 2010, the Company terminated the $127 million of commitments for Class B loans related to the Revolving Facility.

Additionally, the Amendment modified the covenants limiting investments and restricted payments to provide 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 3.0 to 1.0 and (b) no default or event of default exists. The Company's ratio of consolidated EBITDA to consolidated debt was less than 3.0 to 1.0 and the Company was in compliance with all of its other covenant requirements as of January 29, 2011.

The Company incurred fees related to the amendment of the Revolving Facility of $13 million which were capitalized and are being amortized through the maturity date of the Revolving Facility.

The Revolving Facility has several interest rate options, which are based in part on the Company's long-term credit ratings. Fees payable under the Revolving Facility are based on the Company's long-term credit ratings and are currently 0.75% of the committed and unutilized amounts per year and 3.50% on any outstanding borrowings or letters of credit. As of January 29, 2011, 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 $45 million of outstanding letters of credit as of January 29, 2011 that reduce its remaining availability under its amended credit agreements.

Participating Interest Rate Swap Arrangements

In January 2008, the Company entered into participating interest rate swap arrangements designated as cash flow hedges to mitigate exposure to interest rate fluctuations related to the Term Loan. In March 2010, the Company terminated the remaining portion of the participating interest rate swap arrangement totaling $200 million in conjunction with the remaining $200 million Term Loan prepayment. For additional information, see Note 13, "Derivative Instruments."

Fair Value Interest Rate Swap Arrangements

In June 2010, the Company entered into multiple fair value interest rate swap arrangements to effectively convert all of the outstanding 2012 Notes, all of the outstanding 2014 Notes and $175 million of the outstanding 2017 Notes from a fixed interest rate to a variable interest rate.

In August 2010, the Company terminated interest rate designated fair value hedges with a notional amount of $21 million in conjunction with the repurchase of $20 million and $1 million of 2014 Notes and 2012 Notes, respectively.

In January 2011, the Company entered into multiple fair value interest rate swap arrangements to effectively convert an additional $150 million of the outstanding 2017 Notes from a fixed interest rate to a variable interest rate.

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

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as foreign exchange cash flow hedges as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Other Long-term Liabilities	$57	$34

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 2010 and 2009:

	Location	2010	2009
		(in millions)	
Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss)	$(23)	$(60)
Loss Reclassified from Accumulated Other Comprehensive Income (Loss) into Other Income (a)	Other Income	31	57

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

Interest Rate Risk

Interest Rate Designated Fair Value Hedges

In June 2010, the Company entered into multiple interest rate swap arrangements related to all of the outstanding 2012 Notes, all of the outstanding 2014 Notes and $175 million of the outstanding 2017 Notes. The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on a three-month London Interbank Offered Rate ("LIBOR") plus a fixed interest rate.

In August 2010, the Company terminated interest rate designated fair value hedges with a notional amount of $21 million in conjunction with the repurchase of $20 million and $1 million of 2014 Notes and 2012 Notes, respectively.

In January 2011, the Company entered into multiple fair value interest rate swap arrangements to effectively convert an additional $150 million of the outstanding 2017 Notes from a fixed interest rate to a variable interest rate.

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

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 January 29, 2011:

	January 29, 2011
	(in millions)
Other Assets	$3

Interest Rate Designated Cash Flow Hedges

In January 2008, the Company entered into participating interest rate swap arrangements with a notional value of $750 million to mitigate exposure to interest rate fluctuations related to the Term Loan. The participating interest rate swap arrangements effectively converted the Term Loan to a fixed interest rate. The swap arrangements were designated as cash flow hedges of interest rate risk and were scheduled to expire in 2012, at the same time as the related debt. Amounts were reclassified from accumulated other comprehensive income (loss) to earnings as interest expense was recognized on the Term Loan.

In June 2009, the Company prepaid $392 million of the Term Loan. In conjunction with the Term Loan prepayment, the Company de-designated portions of the participating interest rate swap arrangements totaling $392 million. As a result, hedge accounting was discontinued prospectively on the de-designated portions of the arrangements. Immediately following de-designation, the Company terminated $292 million of the arrangements which resulted in realized losses of $12 million. These realized losses were recognized in Accumulated Other Comprehensive Income (Loss) on the Consolidated Balance Sheet and will be amortized into Interest Expense through the remaining life of the original hedged instrument (August 2012). To offset the impact of the remaining $100 million portion of the de-designated arrangements, the Company entered into a non-designated derivative instrument.

In December 2009, the Company prepaid an additional $158 million of the Term Loan. In conjunction with the Term Loan prepayment, the Company terminated an equal portion of the participating interest rate swap arrangements which resulted in a realized loss of $8 million. This realized loss was expensed in Interest Expense on the 2009 Consolidated Statement of Income as there are no future cash flows associated with these terminated swap arrangements.

In March 2010, the Company prepaid the remaining $200 million of the Term Loan. In conjunction with the Term Loan prepayment, the Company terminated the remaining portion of the 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.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as interest rate cash flow hedges as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Other Long-term Liabilities	$0	$10

The following table provides a summary of the pre-tax financial statement effect of gains and losses on the Company's derivative financial instruments designated as interest rate cash flow hedges for 2010 and 2009:

	Location	2010	2009
		(in millions)	
Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss)	$ 0	$(14)
Loss Reclassified from Accumulated Other Comprehensive Income (Loss) into Interest Expense (a)	Interest Expense	15	22

(a) Represents reclassification of amounts from accumulated other comprehensive income (loss) to earnings as related interest expense is recognized.

14. Fair Value Measurements

The following table provides a summary of the carrying value and fair value of long-term debt as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Carrying Value	$2,507	$2,725
Fair Value (a)	2,638	2,690

(a) The estimated fair value of the Company's publicly traded debt is based on quoted market prices. The estimated fair value of the Term Loan is equal to its carrying value. 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 January 29, 2011 and January 30, 2010:

	Level 1	Level 2	Level 3	Total
		(in millions)		
As of January 29, 2011				
Assets:				
Cash and Cash Equivalents	$1,130	$ 0	$0	$1,130
Interest Rate Designated Fair Value Hedges	0	3	0	3
Liabilities:				
Cross-currency Cash Flow Hedges	0	57	0	57
Lease Guarantees	0	0	6	6
As of January 30, 2010				
Assets:				
Cash and Cash Equivalents	$1,804	$ 0	$0	$1,804
Liabilities:				
Cross-currency Cash Flow Hedges	0	34	0	34
Interest Rate Designated Cash Flow Hedges	0	10	0	10
Lease Guarantees	0	0	9	9

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 2010 and 2009:

	2010	2009
	(in millions)	
Beginning Balance	$ 9	$15
Change in Estimated Fair Value Reported in Earnings	(3)	(6)
Ending Balance	$ 6	$ 9

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 (Loss)

Comprehensive Income (Loss) 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 (Loss) in the Consolidated Balance Sheets and Consolidated Statements of Shareholder's Equity.

The following table provides additional detail regarding the composition of accumulated other comprehensive income (loss) as of January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Foreign Currency Translation	$(7)	$ (6)
Cash Flow Hedges	8	(9)
Total Accumulated Other Comprehensive Income (Loss)	$ 1	$(15)

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 taxes, common area costs and certain other expenses. These additional payments are excluded from the table below.

The following table provides rent expense for 2010, 2009 and 2008:

	2010	2009	2008
	(in millions)		
Store Rent:			
Fixed Minimum	$417	$407	$391
Contingent	44	40	37
Total Store Rent	461	447	428
Office, Equipment and Other	60	61	64
Gross Rent Expense	521	508	492
Sublease Rental Income	(3)	(2)	(4)
Total Rent Expense	$518	$506	$488

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)	
2011	$ 475
2012	433
2013	396
2014	371
2015	326
Thereafter	1,072

(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 $10 million as of January 29, 2011, which included $3 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.

On November 6, 2009, a class action (International Brotherhood of Electrical Workers Local 697 Pension Fund v. Limited Brands, Inc. et al.) was filed against the Company and certain of its officers in the United States District Court for the Southern District of Ohio on behalf of a purported class of all persons who purchased or acquired shares of Limited Brands common stock between August 22, 2007 and February 28, 2008. On April 5, 2010, the Court appointed a lead plaintiff and lead and liaison counsel. On June 25, 2010, the lead plaintiff filed an amended complaint. On August 24, 2010, the Company filed a motion to dismiss. The Company believes the complaint is without merit and that the Company has substantial factual and legal defenses to the claims at issue. The Company intends to vigorously defend against this action. The Company cannot reasonably estimate the possible loss or range of loss that may result from this lawsuit.

Guarantees

In connection with the disposition of certain businesses, the Company has remaining guarantees of approximately $97 million related to lease payments of Express, Limited Stores, Abercrombie & Fitch, Dick's

Sporting Goods (formerly Galyan's), Lane Bryant, New York & Company and Anne.x 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.

In April 2008, the Company received an irrevocable standby letter of credit from Express of $34 million issued by a third-party bank to mitigate a portion of the Company's contingent liability for guaranteed future lease payments of Express. The Company could have drawn from the irrevocable standby letter of credit if Express had defaulted on any of the guaranteed leases. The irrevocable standby letter of credit was reduced through the November 1, 2010 expiration date consistent with the overall reduction in guaranteed lease payments. The outstanding balance of the irrevocable standby letter of credit from Express was zero as of January 29, 2011 and $6 million as of January 30, 2010.

The Company's guarantees related to Express, Limited Stores and New York & Company require fair value accounting in accordance with U.S. GAAP in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New York & Company totaled $65 million as of January 29, 2011 and $84 million as of January 30, 2010. The estimated fair value of these guarantee obligations was $6 million as of January 29, 2011 and $9 million as of January 30, 2010, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company's guarantees related to Abercrombie & Fitch, Dick's Sporting Goods (formerly Galyan's), Lane Bryant and Anne.x are not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on U.S. 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 January 29, 2011 and January 30, 2010.

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 made 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 $49 million for 2010, $46 million for 2009 and $40 million for 2008.

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 January 29, 2011 and January 30, 2010:

	January 29, 2011	January 30, 2010
	(in millions)	
Balance at Beginning of Year	$168	$167
Contributions:		
Associate	12	7
Company	15	8
Interest	12	12
Distributions	(14)	(26)
Balance at End of Year	$193	$168

Total expense recognized related to the non-qualified plan was $27 million for 2010, $20 million for 2009 and $21 million for 2008.

19. Shareholders' Equity

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 ended January 29, 2011, January 30, 2010 and January 31, 2009:

	Amount Authorized	Shares Repurchased 2010	2009	2008	Average Stock Price of Shares Repurchased within Program
	(in millions)	(in thousands)			
November 2010 (a)	$200	1,907	0	0	$31.76
March 2010 (b)	200	5,714	0	0	25.69
October 2008 (c)	250	0	0	19,048	11.48
November 2007 (d)	250	0	0	8,539	17.33
Total Shares Repurchased		7,621	0	27,587	

(a) The repurchase program authorized in November 2010 had $139 million remaining as of January 29, 2011.
(b) 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.
(c) The October 2008 repurchase program had $31 million remaining at the time it was cancelled in conjunction with the approval of the March 2010 repurchase program.
(d) The repurchase program authorized in November 2007 had repurchases of $150 million in 2008 at an average stock price of $17.54 and repurchases of $100 million in 2007 at an average stock price of $17.02. This repurchase program was completed in May 2008.

For the November 2007 repurchase program, $8 million of share repurchases were reflected in accounts payable as of February 2, 2008 and were settled in February 2008. There were no share repurchases reflected in accounts payable as of January 31, 2009 or January 30, 2010. In 2009, no additional shares were repurchased.

In January 2010, the Company retired 201 million shares of its Treasury Stock. The retirement resulted in a reduction of $4.641 billion in Treasury Stock, $101 million in the par value of Common Stock, $1.545 billion in Paid-in Capital and $2.995 billion in Retained Earnings.

In March 2010, the Company's Board of Directors declared a special dividend of $1 per share. In addition, the Company's Board of Directors authorized a share repurchase program of $200 million and cancelled the Company's previous $250 million share repurchase program, which had $31 million remaining.

In November 2010, the Company's Board of Directors declared a special dividend of $3 per share. In addition, the Company's Board of Directors authorized a new share repurchase program of $200 million which includes $53 million remaining under the March 2010 $200 million share repurchase program. Subsequent to January 29, 2011, the Company repurchased an additional 2 million shares of common stock for $76 million under the program.

In January 2011, the Company's Board of Directors declared its first quarter 2011 common stock dividend of $0.20 per share payable on March 11, 2011 to shareholders of record at the close of business on February 25, 2011. This is a $0.05 increase from the Company's previous quarterly dividends.

20. Share-based Compensation

Plan Summary

The shareholder approved Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan ("2009 Restatement"), as amended, 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 116 million options, restricted and unrestricted shares have been authorized to be granted to employees and directors. Approximately 13 million options and shares were available for grant as of January 29, 2011.

In March 2010, the Company's Board of Directors declared a special dividend of $1 per share. The special dividend, totaling $325 million, was distributed on April 19, 2010 to shareholders of record at the close of business on April 5, 2010. In accordance with the anti-dilutive provisions of the Stock Plan, the Company adjusted both the exercise price and the number of share-based awards outstanding as of the record date of the special dividend. 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 adjustment, therefore, no compensation expense was recognized.

In November 2010, the Company's Board of Directors declared a special dividend of $3 per share. The special dividend, totaling $966 million, was distributed on December 21, 2010 to shareholders of record at the close of business on December 7, 2010. Consistent with the March 2010 dividend, the Company adjusted both the exercise price and number of share-based awards outstanding as of the record date of the special dividend.

Stock Options

The following table provides the Company's stock option activity for the fiscal year ended January 29, 2011:

	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 30, 2010	15,030	$17.26		
Granted	1,664	23.57		
Exercised	(5,749)	15.77		
Cancelled	(569)	15.02		
Adjustment for Special Dividends	2,074			
Outstanding as of January 29, 2011	12,450	$16.01	5.98	$160,833
Vested and Expected to Vest as of January 29, 2011 (a)	12,047	16.01	5.89	155,676
Options Exercisable as of January 29, 2011	7,103	17.24	4.27	82,946

(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 $57 million for 2010, $3 million for 2009 and $10 million for 2008.

The total fair value at grant date of option awards vested was $8 million for 2010, $12 million for 2009 and $13 million for 2008.

The Company's total unrecognized compensation cost, net of estimated forfeitures, related to nonvested options was $12 million as of January 29, 2011. This cost is expected to be recognized over a weighted-average period of 2.3 years.

The weighted-average estimated fair value of stock options granted was $7.51 per share for 2010, $1.88 per share for 2009 and $3.47 per share for 2008.

Cash received from stock options exercised was $88 million for 2010, $10 million for 2009 and $31 million for 2008. Tax benefits realized from tax deductions associated with stock options exercised were $20 million for 2010, $1 million for 2009 and $5 million for 2008.

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 2010, 2009 and 2008:

	2010	2009	2008
Expected Volatility	49%	45%	29%
Risk-free Interest Rate	2.3%	1.4%	2.5%
Dividend Yield	3.3%	6.8%	3.4%
Expected Life (in years)	4.5	3.8	5.2

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 January 29, 2011:

	Number of Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested as of January 30, 2010	9,382	$12.03
Granted	2,223	21.68
Vested	(1,735)	16.57
Cancelled	(722)	10.40
Adjustment for Special Dividends	1,294	n/a
Unvested as of January 29, 2011	10,442	11.86

The Company's total intrinsic value of restricted stock vested was $40 million for 2010, $14 million for 2009 and $15 million for 2008.

The Company's total fair value at grant date of awards vested was $29 million for 2010, $29 million for 2009 and $19 million for 2008. 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 January 29, 2011, there was $51 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 2.2 years.

Tax benefits realized from tax deductions associated with restricted stock vested were $15 million for 2010, $4 million for 2009 and $6 million for 2008.

Income Statement Impact

The following table provides share-based compensation expense included in the Consolidated Statements of Income for 2010, 2009 and 2008:

	2010	2009	2008
	(in millions)		
Costs of Goods Sold, Buying and Occupancy	$17	$12	$11
General, Administrative and Store Operating Expenses	47	28	24
Total Share-based Compensation Expense	$64	$40	$35

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 Company changed its forfeiture rate estimate in fiscal year 2010.

The tax benefit associated with share-based compensation was $21 million for 2010, $13 million for 2009 and $11 million for 2008.

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 and accessories under the Victoria's Secret, Victoria's Secret Pink and La Senza brand names. Victoria's Secret merchandise is sold through retail stores, its website, *www.VictoriasSecret.com,* and its catalogue. Through its website and catalogue, certain Victoria's Secret's merchandise may be purchased worldwide. La Senza sells merchandise through retail stores located throughout Canada and stores with licensing arrangements or relationships in 45 other countries. La Senza products may also be purchased through its website, *www.LaSenza.com.*

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:

- Henri Bendel, operator of 11 specialty stores, which features accessories and personal care products;
- Mast Global (formerly Mast and Beauty Avenues), a merchandise sourcing and production function serving our internal brands as well as third-party customers;
- International retail, franchise and wholesale operations (excluding La Senza), which include the Company's Bath & Body Works and Victoria's Secret stores in Canada; 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 January 29, 2011, January 30, 2010 and January 31, 2009:

	Victoria's Secret	Bath & Body Works (in millions)	Other	Total
January 29, 2011				
Net Sales	$5,918	$2,515	$1,180	$9,613
Depreciation and Amortization	168	55	136	359
Operating Income (Loss)	877	464	(57)	1,284
Total Assets	2,849	1,330	2,272	6,451
Capital Expenditures	101	39	134	274
January 30, 2010				
Net Sales	$5,307	$2,383	$ 942	$8,632
Depreciation and Amortization	163	58	136	357
Operating Income (Loss)	579	358	(69)	868
Total Assets	2,982	1,350	2,841	7,173
Capital Expenditures	114	24	64	202
January 31, 2009				
Net Sales	$5,604	$2,374	$1,065	$9,043
Depreciation and Amortization	154	66	123	343
Operating Income (Loss)	405	215	(31)	589
Total Assets	3,086	1,446	2,440	6,972
Capital Expenditures	279	92	108	479

The Company's international sales, including La Senza, Bath & Body Works Canada, Victoria's Secret Canada and direct sales shipped internationally totaled $762 million in 2010, $638 million in 2009 and $655 million in 2008. The Company's internationally based long-lived assets were $471 million as of January 29, 2011 and $407 million as of January 30, 2010.

22. Quarterly Financial Data (Unaudited)

The following table provides summarized quarterly financial data for 2010:

	Fiscal Quarter Ended			
	May 1, 2010 (b)	July 31, 2010 (c)	October 30, 2010	January 29, 2011 (d)
	(in millions except per share data)			
Net Sales	$1,932	$2,242	$1,983	$3,456
Gross Profit	694	778	714	1,445
Operating Income	185	236	149	714
Income Before Income Taxes	187	244	101	719
Net Income Attributable to Limited Brands, Inc.	113	178	61	453
Net Income Attributable to Limited Brands, Inc. Per Basic Share (a)	$ 0.35	$ 0.55	$ 0.19	$ 1.41
Net Income Attributable to Limited Brands, Inc. Per Diluted Share (a)	$ 0.34	$ 0.54	$ 0.18	$ 1.36

(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 a pre-tax gain of $49 million related to a $57 million cash distribution from Express.
(c) Includes the effect of the following items:
  (i) A pre-tax gain of $52 million related to the initial public offering of Express including the sale of a portion of the company's shares;
  (ii) A pre-tax loss of $25 million associated with the early retirement of portions of the 2012 and 2014 notes; and
  (iii) A pre-tax gain of $20 million associated with the sale of the remaining 25% ownership interest in Limited Stores.
(d) Includes the effect of the following items:
  (i) A pre-tax gain of $45 million related to the sale of Express common stock; and
  (ii) A pre-tax gain of $7 million related to a dividend payment from Express.

The following table provides summarized quarterly financial data for 2009:

	Fiscal Quarter Ended			
	May 2, 2009	August 1, 2009 (b)	October 31, 2009 (c)	January 30, 2010 (d)
	(in millions except per share data)			
Net Sales	$1,725	$2,067	$1,777	$3,063
Gross Profit	548	668	563	1,249
Operating Income	65	158	59	586
Income Before Income Taxes	3	99	12	536
Net Income Attributable to Limited Brands, Inc.	3	74	15	356
Net Income Attributable to Limited Brands, Inc. Per Basic Share (a)	$ 0.01	$ 0.23	$ 0.05	$ 1.10
Net Income Attributable to Limited Brands, Inc. Per Diluted Share (a)	$ 0.01	$ 0.23	$ 0.05	$ 1.08

(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 a pre-tax gain of $9 million, after-tax of $14 million, associated with the reversal of an accrued contractual liability.
(c) Includes the effect of a tax benefit of $9 million related to certain discrete foreign and state income tax items.
(d) Includes the effect of a tax benefit of $23 million primarily related to the reorganization of certain foreign subsidiaries.

23. Supplemental Guarantor Financial Information

The Company's 2019 Notes and 2020 Notes are jointly and severally guaranteed on a full and unconditional basis by certain of the Company's wholly 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 January 29, 2011 and January 30, 2010 and the Condensed Consolidating Statements of Income and Cash Flows for the years ended January 29, 2011, January 30, 2010 and January 31, 2009.

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

(in millions)

	January 29, 2011				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 0	$ 701	$ 429	$ 0	$1,130
Accounts Receivable, Net	1	189	42	0	232
Inventories	0	830	202	0	1,032
Deferred Income Taxes	0	30	5	0	35
Other	0	117	47	(1)	163
Total Current Assets	1	1,867	725	(1)	2,592
Property and Equipment, Net	0	936	674	0	1,610
Goodwill	0	1,318	133	0	1,451
Trade Names and Other Intangible Assets, Net	0	411	181	0	592
Net Investments in and Advances to/from Consolidated Affiliates	11,835	28,045	14,486	(54,366)	0
Other Assets	176	55	645	(670)	206
Total Assets	$12,012	$32,632	$16,844	$(55,037)	$6,451
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	$ 0	$ 312	$ 233	$ 0	$ 545
Accrued Expenses and Other	29	420	316	0	765
Income Taxes	(3)	167	30	0	194
Total Current Liabilities	26	899	579	0	1,504
Deferred Income Taxes	(6)	28	180	0	202
Long-term Debt	2,507	608	47	(655)	2,507
Other Long-term Liabilities	12	576	188	(15)	761
Total Equity	9,473	30,521	15,850	(54,367)	1,477
Total Liabilities and Equity	$12,012	$32,632	$16,844	$(55,037)	$6,451

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

(in millions)

	January 30, 2010				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 0	$ 1,441	$ 363	$ 0	$1,804
Accounts Receivable, Net	0	191	28	0	219
Inventories	0	883	154	0	1,037
Deferred Income Taxes	0	34	(4)	0	30
Other	0	107	54	(1)	160
Total Current Assets	0	2,656	595	(1)	3,250
Property and Equipment, Net	0	1,049	674	0	1,723
Goodwill	0	1,318	124	0	1,442
Trade Names and Other Intangible Assets, Net	0	420	174	0	594
Net Investments in and Advances to/from Consolidated Affiliates	12,746	11,997	6,511	(31,254)	0
Other Assets	38	60	771	(705)	164
Total Assets	$12,784	$17,500	$8,849	$(31,960)	$7,173
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	$ 0	$ 309	$ 179	$ 0	$ 488
Accrued Expenses and Other	30	389	274	0	693
Income Taxes	4	121	16	0	141
Total Current Liabilities	34	819	469	0	1,322
Deferred Income Taxes	(9)	30	192	0	213
Long-term Debt	2,723	608	81	(689)	2,723
Other Long-term Liabilities	25	551	170	(15)	731
Total Equity	10,011	15,492	7,937	(31,256)	2,184
Total Liabilities and Equity	$12,784	$17,500	$8,849	$(31,960)	$7,173

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

(in millions)

	2010				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	$ 0	$ 9,005	$ 2,587	$(1,979)	$ 9,613
Costs of Goods Sold, Buying and Occupancy	0	(5,655)	(2,161)	1,834	(5,982)
Gross Profit	0	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	0	(6)	0	0	(6)
Net Gain (Loss) on Joint Ventures	0	0	0	0	0
Operating Income (Loss)	(4)	1,132	140	16	1,284
Interest Expense	(207)	0	(13)	12	(208)
Interest Income	0	14	0	(12)	2
Other Income (Loss)	(26)	1	196	2	173
Income (Loss) Before Income Taxes	(237)	1,147	323	18	1,251
Provision (Benefit) for Income Taxes	1	338	107	0	446
Equity in Earnings, Net of Tax	1,043	862	313	(2,218)	0
Net Income (Loss)	$ 805	$ 1,671	$ 529	$(2,200)	$ 805

	2009				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	$ 0	$ 8,205	$ 2,314	$(1,887)	$ 8,632
Costs of Goods Sold, Buying and Occupancy	0	(5,445)	(1,907)	1,748	(5,604)
Gross Profit	0	2,760	407	(139)	3,028
General, Administrative and Store Operating Expenses	(2)	(2,043)	(262)	141	(2,166)
Impairment of Goodwill and Other Intangible Assets	0	0	(3)	0	(3)
Net Gain (Loss) on Joint Ventures	9	0	0	0	9
Operating Income (Loss)	7	717	142	2	868
Interest Expense	(234)	0	(13)	10	(237)
Interest Income	0	12	0	(10)	2
Other Income (Loss)	0	0	16	1	17
Income (Loss) Before Income Taxes	(227)	729	145	3	650
Provision (Benefit) for Income Taxes	0	221	(19)	0	202
Equity in Earnings, Net of Tax	675	612	221	(1,508)	0
Net Income (Loss)	$ 448	$ 1,120	$ 385	$(1,505)	$ 448

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2008				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Sales	$ 0	$ 8,588	$ 2,396	$(1,941)	$ 9,043
Costs of Goods Sold, Buying and Occupancy	0	(5,924)	(1,959)	1,846	(6,037)
Gross Profit	0	2,664	437	(95)	3,006
General, Administrative and Store Operating Expenses	(13)	(2,093)	(304)	99	(2,311)
Impairment of Goodwill and Other Intangible Assets	0	0	(215)	0	(215)
Net Gain (Loss) on Joint Ventures	(9)	(1)	119	0	109
Operating Income (Loss)	(22)	570	37	4	589
Interest Expense	(176)	(1)	(16)	12	(181)
Interest Income	0	27	3	(12)	18
Other Income (Loss)	0	(1)	24	0	23
Income (Loss) Before Income Taxes	(198)	595	48	4	449
Provision (Benefit) for Income Taxes	(1)	54	180	0	233
Equity in Earnings, Net of Tax	417	544	309	(1,270)	0
Net Income (Loss)	220	1,085	177	(1,266)	216
Less: Net Income (Loss) Attributable to Noncontrolling Interest	0	0	(4)	0	(4)
Net Income (Loss) Attributable to Limited Brands, Inc.	$ 220	$ 1,085	$ 181	$(1,266)	$ 220

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	$ 0	$ 1,284
Investing Activities:					
Capital Expenditures	0	(129)	(145)	0	(274)
Return of Capital from Express	0	0	49	0	49
Return of Capital from Limited Stores	0	0	7	0	7
Proceeds from Divestiture of Limited Stores	0	0	32	0	32
Proceeds from Sale of Express Common Stock	0	0	73	0	73
Net Investments in Consolidated Affiliates	0	0	29	(29)	0
Other Investing Activities	0	0	7	0	7
Net Cash Provided by (Used for) Investing Activities	0	(129)	52	(29)	(106)
Financing Activities:					
Proceeds from Long-term Debt, Net of Issuance and Discount Costs	390	0	0	0	390
Payments of Long-term Debt	(645)	0	0	0	(645)
Repurchase of Common Stock	(207)				(207)
Dividends Paid	(1,488)	0	0	0	(1,488)
Financing Costs	(14)	0	0	0	(14)
Excess Tax Benefits from Share-based Compensation	0	15	4	0	19
Net Financing Activities and Advances to/from Consolidated Affiliates	2,231	(1,832)	(428)	29	0
Proceeds From Exercise of Stock Options and Other	88	0	0	0	88
Net Cash Provided by (Used for) Financing Activities	355	(1,817)	(424)	29	(1,857)
Effects of Exchange Rate Changes on Cash	0	0	5	0	5
Net Increase (Decrease) in Cash and Cash Equivalents	0	(740)	66	0	(674)
Cash and Cash Equivalents, Beginning of Year	0	1,441	363	0	1,804
Cash and Cash Equivalents, End of Year	$ 0	$ 701	$ 429	$ 0	$ 1,130

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2009				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$(279)	$1,004	$ 449	$ 0	$1,174
Investing Activities:					
Capital Expenditures	0	(120)	(82)	0	(202)
Net Proceeds from the Divestiture of Joint Venture	0	0	9	0	9
Proceeds from Sale of Assets	0	0	32	0	32
Net Investments in Consolidated Affiliates	0	0	(29)	29	0
Other Investing Activities	(3)	0	2	0	(1)
Net Cash Provided by (Used for) Investing Activities	(3)	(120)	(68)	29	(162)
Financing Activities:					
Proceeds from Long-term Debt, Net of Issuance and Discount Costs	473	0	0	0	473
Payments of Long-term Debt	(656)	0	0	0	(656)
Dividends Paid	(193)	0	0	0	(193)
Financing Costs	(19)	0	0	0	(19)
Net Financing Activities and Advances to/from Consolidated Affiliates	669	(381)	(259)	(29)	0
Proceeds From Exercise of Stock Options and Other	8	0	0	0	8
Net Cash Provided by (Used for) Financing Activities	282	(381)	(259)	(29)	(387)
Effects of Exchange Rate Changes on Cash	0	0	6	0	6
Net Increase (Decrease) in Cash and Cash Equivalents	0	503	128	0	631
Cash and Cash Equivalents, Beginning of Year	0	938	235	0	1,173
Cash and Cash Equivalents, End of Year	$ 0	$1,441	$ 363	$ 0	$1,804

LIMITED BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2008				
	Limited Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Limited Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$(174)	$ 990	$ 138	$ 0	$ 954
Investing Activities:					
Capital Expenditures	0	(366)	(113)	0	(479)
Net Proceeds from the Divestiture of Joint Venture	0	0	159	0	159
Return of Capital from Express	0	0	95	0	95
Net Investments in Consolidated Affiliates	0	(30)	(35)	65	0
Other Investing Activities	0	(5)	(10)	0	(15)
Net Cash Provided by (Used for) Investing Activities	0	(401)	96	65	(240)
Financing Activities:					
Payments of Long-term Debt	0	0	(15)	0	(15)
Repurchase of Common Stock	(379)	0	0	0	(379)
Dividends Paid	(201)	0	0	0	(201)
Excess Tax Benefits from Share-based Compensation	0	1	1	0	2
Net Financing Activities and Advances to/from Consolidated Affiliates	724	(554)	(105)	(65)	0
Proceeds From Exercise of Stock Options and Other	30	0	1	0	31
Net Cash Provided by (Used for) Financing Activities	174	(553)	(118)	(65)	(562)
Effects of Exchange Rate Changes on Cash	0	0	3	0	3
Net Increase (Decrease) in Cash and Cash Equivalents	0	36	119	0	155
Cash and Cash Equivalents, Beginning of Year	0	902	116	0	1,018
Cash and Cash Equivalents, End of Year	$ 0	$ 938	$ 235	$ 0	$1,173

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 11, 2010 for the Annual Meeting of Stockholders to be held May 26, 2011 (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 adequate and effective and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in 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 January 29, 2011 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 January 29, 2011 is set forth in Item 8. Financial Statements and Supplementary Data.

Changes in internal control over financial reporting. During the fourth quarter of 2010, we outsourced our share-based compensation accounting system and related processes. There were no other changes in our internal control over financial reporting that have occurred that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In the first quarter of 2011, Victoria's Secret Direct will be implementing certain information technology systems and related processes.

ITEM 9B. OTHER INFORMATION.

Not applicable.

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", "—Information Concerning the Board of Directors", "—Committees of the Board of 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 January 29, 2011.

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)	22,892,356	$16.01(2)	13,211,386
Equity compensation plans not approved by security holders	0	0	0
Total	22,892,356	$16.01	13,211,386

(1) Includes the following plans: Limited Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2009 Restatement), Limited Brands, Inc. 1996 Stock Plan for Non-Associate Directors, 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors, and Intimate Brands, Inc. 1995 Stock Option and Performance Incentive Plan. In March 2002, awards then outstanding under the Intimate Brands, Inc. plan were converted into awards relating to 15,561,339 shares of Common Stock in connection with the merger of Intimate Brands, Inc. and a subsidiary of the Company.

(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 January 29, 2011, January 30, 2010 and January 31, 2009

Consolidated Balance Sheets as of January 29, 2011 and January 30, 2010

Consolidated Statements of Total Equity for the Years Ended January 29, 2011, January 30, 2010 and January 31, 2009

Consolidated Statements of Cash Flows for the Years Ended January 29, 2011, January 30, 2010 and January 31, 2009

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.

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 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 March 8, 2010, among Limited Brands, Inc., the Lenders party thereto, and JPMorgan Chase Bank, 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 and February 19, 2009, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated March 8, 2010.

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 Amendment and Restatement Agreement, dated as of March 8, 2010, among Limited Brands, Inc., the Lenders party thereto, and JPMorgan Chase Bank, 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 and August 3, 2007, and February 19, 2009, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated March 8, 2010.

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 The 1993 Stock Option and Performance Incentive Plan (1996 Restatement) of the Company, incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (File No. 333-04941).**

10.7 The 1997 Restatement of Limited Brands, Inc. (formerly The Limited, Inc.) 1993 Stock Option and Performance Incentive Plan incorporated by reference to Exhibit B to the Company's Proxy Statement dated April 14, 1997.**

10.8 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.**

10.9 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.**

10.10 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.

10.11 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.**

10.12 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.**

10.13 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.**

10.14 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.**

10.15 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.**

10.16 Form of Aircraft Time Sharing Agreement between Limited Service Corporation and participating officers and directors incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q dated December 8, 2004.**

10.17 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.**

10.18 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.**

10.19 Form of Amended and Restated Aircraft Time Sharing Agreement between Limited Service Corporation and participating officers and directors incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005.**

10.20 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.**

10.21 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.**

10.22 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.**

10.23 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.**

10.24 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.**

10.25 Employment Agreement dated as of October 18, 2006 among Limited Brands, Inc., Bath & Body Works Brand Management, Inc., and Diane L. Neal and Amendment to Employment Agreement dated September 5, 2008 originally incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2010**

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 [●], 2011.

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 18, 2011

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 January 29, 2011:

Signature	Title
/s/ LESLIE H. WEXNER** Leslie H. Wexner	Chairman of the Board of Directors and Chief Executive Officer
/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/ 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/ MARTYN R. REDGRAVE
Martyn R. Redgrave
Attorney-in-fact

Executive Officers

Leslie H. Wexner

Chairman and Chief Executive Officer,
Limited Brands, Inc.

Martyn R. Redgrave

Executive Vice President and Chief Administrative Officer,
Limited Brands, Inc.

Stuart B. Burgdoerfer

Executive Vice President and Chief Financial Officer,
Limited Brands, Inc.

Diane L. Neal

Chief Executive Officer,
Bath and Body Works

Sharen J. Turney

President and Chief Executive Officer,
Victoria's Secret

Jane L. Ramsey

Executive Vice President, Human Resources,
Limited Brands, Inc.

Board of Directors

Leslie H. Wexner **(5)**

Chairman and Chief Executive Officer, Limited Brands, Inc.
Columbus, Ohio

Dennis S. Hersch **(3)**

President, N.A. Property, Inc.
New York, New York

James L. Heskett **(2, 4)**

Baker Foundation Professor Emeritus, Graduate School of Business Administration, Harvard University
Boston, Massachusetts

Donna A. James **(1, 4)**

Managing Director, Lardon & Associates, LLC
Columbus, Ohio

David T. Kollat **(2, 3)**

Chairman, 22, Inc.
Westerville, Ohio

William R. Loomis, Jr. **(1, 3)**

Investor
Santa Barbara, California

Jeffrey H. Miro **(2, 4)**

Partner, Honigman Miller Schwartz and Cohn LLP
Bloomfield Hills, Michigan

Allan R. Tessler **(1, 3, 4, 5)**

Chairman and Chief Executive Officer, International Financial Group, Inc.
Wilson, Wyoming

Abigail S. Wexner **(3)**

Attorney at Law
Columbus, Ohio

Raymond Zimmerman **(1, 3)**

Chief Executive Officer, Service Merchandise, LLC
Boca Raton, Florida

1 = Member of the Audit Committee
2 = Member of the Compensation Committee
3 = Member of the Finance Committee
4 = Member of the Nominating and Governance Committee
5 = Member of the Executive Committee

Company Information

World Headquarters

Limited Brands, Inc.
Three Limited Parkway
Columbus, Ohio 43230

614.415.7000
www.limitedbrands.com

Annual Meeting of Shareholders

9 A.M., May 26, 2011
Three Limited Parkway
Columbus, Ohio 43230

Stock Exchange Listing

New York Stock Exchange
(Trading Symbol "LTD")

Independent Public Accountants

Ernst & Young LLP
Columbus, Ohio

Information Requests

Through our website:	www.limitedbrands.com
Upon written request to:	Limited Brands, Inc. Investor Relations Three Limited Parkway Columbus, Ohio, 43230
By calling:	614.415.6400

Stock Transfer Agent, Registrar, and Dividend Agent

BNY Mellon Shareholder Services
P.O. Box 3338
South Hackensack, NJ 07606-1936

866.875.7975
shrrelations@mellon.com

Limited Brands, Inc.

Founded 1963

as of Jan. 29, 2011:
Number of associates: 96,500
Approximate shareholder base: 150,000

Available on our website, www.limitedbrands.com:

- Anticipated release dates for monthly sales and quarterly earnings
- Live webcasts of the quarterly earnings conference calls
- Audio replays of monthly sales and quarterly earnings conference calls. Audio replays are also available by dialing 1-866-NEWS-LTD (1-866-639-7583).

NYSE Certification Statement

Our Chief Executive Officer and Chief Financial Officer have filed the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 with the Securities and Exchange Commission as exhibits to our Form 10-K for the fiscal year ended January 29, 2011. In addition, our Chief Executive Officer filed a separate annual certification to the New York Stock Exchange following our annual shareholders' meeting on May 27, 2010.

ADMITTANCE SLIP
2011 ANNUAL MEETING OF STOCKHOLDERS

Date, Time and Place of Meeting:

Date: Thursday, May 26, 2011

Time: 9:00 a.m., Eastern Time

Place: Limited Brands, Inc.
Three Limited Parkway
Columbus, Ohio 43230

Attending the Meeting:

Stockholders who plan to attend the meeting in person must bring this admittance slip and a photo identification to gain access. Because of necessary security precautions, bags, purses and briefcases may be subject to inspection. To speed the admissions process, stockholders are encouraged to bring only essential items. Cameras, camcorders or video taping equipment are not allowed. Photographs or video taken by Limited Brands at the meeting may be used by Limited Brands. By attending, you waive any claim or rights to these photographs.

For more information about attending the annual meeting, please visit the website at **http://www.limitedbrands.com/investors** or contact Limited Brands Investor Relations at (614) 415-7073.

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