

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant To Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): January 18, 2005

Limited Brands, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-8344

(Commission File Number)

31-1029810

(IRS Employer Identification No.)

Three Limited Parkway

Columbus, OH

(Address of Principal Executive Offices)

43230

(Zip Code)

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

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

On January 18, 2005, Limited Brands, Inc. (the "Company") announced the appointment of Mr. Martyn Redgrave as the Company's Executive Vice President – Chief Administrative Officer. Mr. Redgrave is to commence employment with the Company on or about March 15, 2005. Pursuant to an employment agreement dated as of January 17, 2005 among the Company, The Limited Service Corporation and Mr. Redgrave, a copy of which is attached as Exhibit 10.1 to this current report, the Company and Mr. Redgrave agreed to the following material terms and conditions:

- The initial term of Mr. Redgrave's employment agreement is six years, with automatic one-year extensions thereafter unless either party gives written notice to the contrary.
- Mr. Redgrave's employment agreement provides for an initial base salary of \$900,000, a sign-on bonus of \$600,000 (repayable in part if he resigns within two years), life insurance coverage of \$1 million and disability benefits in addition to the benefits available under the Company's disability plans. Mr. Redgrave will also be entitled to participate in the Company's qualified and non-qualified thrift plans. Mr. Redgrave will have an annual cash bonus target and maximum opportunities of 100% and 200% of his base salary, respectively. In addition, he will be entitled to a minimum bonus of \$450,000 for the Company's 2005 fiscal year. Mr. Redgrave will be granted options to purchase 150,000 shares of Company common stock, and will also be granted 25,000 restricted shares, vesting on the fourth anniversary of the grant date.
- Mr. Redgrave's employment agreement also provides that, if the Company terminates his employment without cause or fails to extend the term of his agreement, or if he terminates his employment for good reason, he will continue to receive his base salary for one year after the termination date; provided

that if Mr. Redgrave agrees to execute a general release of the Company, he will also be entitled to receive an additional year of salary continuation as well as the incentive compensation that he would have otherwise received had he been employed by the Company during the one-year period beginning on his employment termination date.

- In the event that in connection with a change in control of the Company his employment is terminated either by the Company without cause or by him for good reason, Mr. Redgrave would be entitled to a lump severance benefit equal to two times his base salary and an amount equal to the sum of his four semi-annual payouts he received under the Company's incentive compensation performance plan, together with a pro rata amount for the incentive compensation period in which his employment terminated.
- In the event any "parachute" excise tax is imposed on Mr. Redgrave, he will be entitled to tax reimbursement payments.

On January 18, 2005, the Company announced the appointment of Mr. Jay Margolis as the Company's Group President – Apparel Brands. Mr. Margolis is to commence employment with the Company on or about February 7, 2005. Pursuant to an employment agreement dated as of January 5, 2005 among the Company, The Limited Service Corporation and Mr. Margolis, a copy of which is attached as Exhibit 10.2 to this current report, the Company and Mr. Margolis agreed to the following material terms and conditions:

- The initial term of Mr. Margolis' employment agreement is six years, with automatic one-year extensions thereafter unless either party gives written notice to the contrary.
- Mr. Margolis' employment agreement provides for an initial base salary of \$1,150,000, a sign-on bonus of \$500,000 (repayable in part if he resigns within two years), life insurance coverage of \$1,000,000 and disability benefits in addition to the benefits available under the Company's disability plans. Mr. Margolis will also be entitled to participate in the Company's qualified and non-qualified thrift plans. Mr. Margolis will have an annual cash bonus target and maximum opportunities of 120%

and 240% of his base salary, respectively. In addition, he will be entitled to a minimum bonus of \$1,380,000 for the two seasons comprising the Company's 2005 fiscal year. Mr. Margolis has been granted options to purchase 250,000 shares of Company common, and has been granted 75,000 restricted shares, vesting in three equal annual installments beginning on the first anniversary of the grant date. The Company will recommend that the Compensation Committee grant to Mr. Margolis options to purchase Company common stock in the grant years and amounts as follows: 2006, 100,000 options; 2007, 75,000 options; 2008, 75,000 options; 2009, 50,000 options, and 2010, 50,000 options.

- Mr. Margolis' employment agreement also provides that, if the Company terminates his employment without cause or fails to extend the term of his agreement, or if he terminates his employment for good reason, he will continue to receive his base salary for one year after the termination date; provided that if Mr. Margolis agrees to execute a general release of the Company, he will also be entitled to receive an additional year of salary continuation as well as the incentive compensation that he would have otherwise received had he been employed by the Company during the one-year period beginning on his employment termination date.
- In the event that in connection with a change in control of the Company his employment is terminated either by the Company without cause or by him for good reason, he would be entitled to a lump severance benefit equal to two times his base salary and an amount equal to the sum of his four semi-annual payouts he received under the Company's incentive compensation performance plan, together with a pro rata amount for the incentive compensation period in which his employment terminated.
- In the event any "parachute" excise tax is imposed on Mr. Margolis, he will be entitled to tax reimbursement payments.

In addition, on January 18, 2005, the Company announced the creation of a newly formed Limited Brands Executive Committee of which both Mr. Redgrave and Mr. Margolis will serve as members.

The foregoing descriptions of Mr. Redgrave's employment agreement and Mr. Margolis' employment agreement are qualified in their entirety by reference to the provisions of the Mr. Redgrave's employment agreement and Mr. Margolis' employment agreement attached as Exhibits 10.1 and 10.2, respectively, to this current report.

The Company's press release announcing Mr. Redgrave's and Mr. Margolis' appointment is attached as Exhibit 99.1 to this report.

Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

(c) On January 18, 2005, the Company announced the appointment of Mr. Martyn Redgrave as the Company's Executive Vice President – Chief Administrative Officer. The material terms and conditions of Mr. Redgrave's employment with the Company are described under Item 1.01 above, which description is incorporated by reference into this Item 5.02(c) .

Mr. Redgrave, age 52, brings to Limited Brands an impressive track record in the areas of finance, corporate development, global mergers and acquisitions, enterprise wide business transformations and large scale systems implementations, as well as in driving strategic development and best-in-class governance processes in large complex organizations. During his 11 year tenure with Carlson Companies in Minneapolis, which is the largest privately held hospitality, travel and marketing services company in the world with over \$20 billion in system wide sales, Mr. Redgrave has been responsible for worldwide strategic planning and financial management, mergers and acquisitions, strategic sourcing and procurement, as well as all traditional areas of finance and shared services operations. Carlson's brands include T.G.I. Fridays, Regent Hotels, Radisson Hotels and Resorts, Country Inns and Suites, Park Inns, Seven Seas Cruises, Carlson Marketing Group and Carlson Wagonlit Travel. Prior to joining Carlson Companies, Inc., Mr. Redgrave spent 14 years in positions of increasing responsibility at Pepsico, Inc. including serving as the Senior Vice President and Chief Financial Officer for both Kentucky Fried Chicken and

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into, effective upon execution by the parties, by and between Limited Brands, Inc. and The Limited Service Corporation (the "Company"), and Martyn Redgrave (the "Executive") (hereinafter collectively referred to as "the parties").

WHEREAS, the Executive will be employed as a Executive Vice President – Chief Administrative Officer of the Company and will be experienced in various phases of the Company's business and will possess an intimate knowledge of the business and affairs of the Company and its policies, procedures, methods, and personnel; and

WHEREAS, the Company has determined that it is essential and in its best interests to retain the services of key management personnel and to ensure their continued dedication and efforts; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company to secure the services and employment of the Executive, and the Executive is willing to render such services on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the parties contained herein, the parties hereby agree as follows:

1. Term. The initial term of employment under this Agreement shall be for the period commencing on the date hereof (the "Commencement Date") and ending on the sixth anniversary of the Commencement Date (the "Initial Term"); provided, however, that thereafter this Agreement shall be automatically renewed from year to year, unless either the Company or the Executive shall have given written notice to the other at least ninety (90) days prior thereto that the term of this Agreement shall not be so renewed.

2. Employment.

(a) Position. The Executive shall be employed as a Executive Vice President – Chief Administrative Officer or such other position of reasonably comparable or greater status and responsibilities, as may be determined by the Board of Directors. The Executive shall perform the duties, undertake the responsibilities, and exercise the authority customarily performed, undertaken, and exercised by persons employed in a similar executive capacity. The Executive shall report to the Office of the Chief Executive. The Executive's office shall be located in Columbus, Ohio.

(b) Obligations. The Executive agrees to devote his full business time and attention to the business and affairs of the Company. The foregoing, however, shall not preclude the Executive from serving on corporate, civic, or charitable boards or committees or managing personal investments, so long as such activities do not interfere with the performance of the Executive's responsibilities hereunder.

3. Base Salary. The Company agrees to pay or cause to be paid to the Executive an annual base salary at the rate of \$900,000, less applicable withholding. This base salary will be subject to annual review and may be increased from time to time by the Board considering factors such as the Executive's responsibilities, compensation of similar executives within the Company and in other companies, performance of the Executive, and other pertinent factors (hereinafter referred to as the "Base Salary"). Such

Base Salary shall be payable in accordance with the Company's customary practices applicable to its executives.

4. Equity Compensation. The Company shall use its best efforts to have the Compensation Committee grant to the Executive, on or about its next regularly scheduled meeting, options to acquire 150,000 shares of the Company's common stock. Such grant shall be subject to the terms and conditions set forth in the Company's Stock Option and Performance Incentive Plan ("Plan") and in the Company's normal form of stock option agreements. The stock options shall be priced and vest and become exercisable as set forth in the Executive's January 13, 2005 Offer Letter (hereinafter the "Offer Letter", a copy of which is attached as Schedule A and which is expressly incorporated herein). In addition, pursuant to the Plan, the Company shall use its best efforts to have the Compensation Committee grant to the Executive, on or about its next regularly scheduled meeting, 25,000 restricted shares of the Company's common stock, which shall thereafter vest in accordance with the schedule set forth in the Executive's Offer Letter. The Executive shall also be eligible for such other additional future equity-based awards (if any) as may be commensurate with his position and performance, if, when and as determined by the Compensation Committee in its discretion.

5. Employee Benefits. The Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company and made available to senior executives generally and as may be in effect from time to time. The Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to senior executives of the Company generally.

6. Bonus.

(a) The Executive shall be entitled to participate in the Company's applicable incentive compensation plan at a target level of One Hundred Percent (100%) of the Executive's Base Salary on such terms and conditions as outlined in the Executive's Offer Letter and as determined from time to time by the Board that are consistent with the Offer Letter.

(b) If the Executive is employed with the Company on or before March 15, 2005, the Company agrees to pay the Executive a separate sign-on bonus in the amount of Six Hundred Thousand Dollars (\$600,000) less applicable tax withholdings, within two (2) weeks of the Commencement Date. The Executive agrees that if he voluntarily resigns (other than for Good Reason or due to Disability, in each case as defined below) prior to his first year anniversary date, he shall pay back to the Company an amount equal to the after tax portion of the entire amount of the

sign-on bonus, and that, if he so resigns (other than for Good Reason or due to Disability) after his first year anniversary date but prior to his second year anniversary date, he shall pay back to the Company an amount equal to the after-tax portion of one-half of the sign-on bonus.

7. Other Benefits.

(a) Benefits. The Executive shall be entitled to all of the benefits as set forth in the Offer Letter.

(b) Expenses. Subject to applicable Company policies, the Executive shall be entitled to receive prompt reimbursement of all expenses reasonably incurred by him in connection with the performance of his duties hereunder or for promoting, pursuing, or otherwise furthering the business or interests of the Company.

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(c) Office and Facilities. The Executive shall be provided with appropriate offices and with such secretarial and other support facilities as are commensurate with the Executive's status with the Company and adequate for the performance of his duties hereunder.

8. Paid Time Off (PTO) Program. The Executive shall be entitled to paid time off in accordance with the policies as periodically established by the Board for similarly situated executives of the Company.

9. Termination. The Executive's employment hereunder is subject to the following terms and conditions:

(a) Disability. The Company shall be entitled to terminate the Executive's employment after having established the Executive's Disability. For purposes of this Agreement, "Disability" means a physical or mental infirmity which impairs the Executive's ability to substantially perform his duties under this Agreement for a period of at least six months in any twelve-month calendar period as determined in accordance with Limited Brands, Inc. Long-Term Disability Plan.

(b) Cause. The Company shall be entitled to terminate the Executive's employment for "Cause" without prior written notice. For purposes of this Agreement, "Cause" shall mean that the Executive (1) willfully failed to perform his material duties with the Company (other than a failure resulting from the Executive's incapacity due to physical or mental illness); or (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. "Cause" shall not include acts which are cured by the Executive no later than thirty (30) days from the date of receipt by the Executive of written notice from the Company identifying in reasonable detail the act or acts constituting "willfully fail[ure] to perform his duties."

The Executive shall be given prompt written notice by the Board of termination for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. The Executive shall be entitled to a hearing before the Board or a committee thereof established for such purpose and to be accompanied by legal counsel. Such hearing shall be held within 15 days of notice to the Company by the Executive, provided the Executive requests such hearing within 30 days of the written notice from the Board of the termination for Cause.

(c) Termination by the Executive. The Executive may terminate employment hereunder for "Good Reason" by delivering to the Company (1) a Preliminary Notice of Good Reason (as defined below), and (2) not earlier than thirty (30) days from the delivery of such Preliminary Notice, a Notice of Termination. For purposes of this Agreement, "Good Reason" means (i) the failure to continue the Executive in a capacity contemplated by Section 2 hereof; (ii) any assignment to the Executive that is materially inconsistent with the Executive's positions, duties, authority, responsibilities or reporting requirements as set forth in Section 2 hereof; (iii) a reduction in or a material delay in payment of the Executive's total cash compensation and benefits from those required to be provided in accordance with the provisions of this Agreement; (iv) the Company, the Board or any person controlling the Company requires the Executive to be based outside of the United States, other than on travel reasonably required to carry out the Executive's obligations under the Agreement; (v) any other material breach of a material term contained in this Agreement; or (vi) the failure of the Company to obtain the assumption

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in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of the Company within 15 days after a merger, consolidation, sale, or similar transaction; provided, however, that "Good Reason" shall not include (A) acts not taken in bad faith which are cured by the Company in all respects not later than thirty (30) days from the date of receipt by the Company of a written notice from the Executive identifying in reasonable detail the act or acts constituting "Good Reason" (a "Preliminary Notice of Good Reason") or (B) acts taken by the Company by reason of the Executive's physical or mental infirmity which impairs the Executive's ability to substantially perform his duties under this Agreement. A Preliminary Notice of Good Reason shall not, by itself, constitute a Notice of Termination.

(d) Notice of Termination. Any purported termination for Cause by the Company or for Good Reason by the Executive shall be communicated by a written Notice of Termination to the other two weeks prior to the Termination Date (as defined below). For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Any termination by the Company other than for Cause or by the Executive without Good Reason shall be communicated by a written Notice of Termination to the other party two (2) weeks prior to the Termination Date. However, the Company may elect to pay the Executive in lieu of two (2) weeks written notice. For purposes of this Agreement, no such purported termination of employment shall be effective without such Notice of Termination.

(e) Termination Date, Etc. "Termination Date" shall mean in the case of the Executive's death, the date of death, or in all other cases, the date specified in the Notice of Termination; provided, however, that if the Executive's employment is terminated by the Company due to Disability, the date specified in the Notice of Termination shall be at least thirty (30) days from the date the Notice of Termination is given to the Executive.

(f) Guaranteed Employment. Notwithstanding anything in this Agreement, to the contrary, the Company agrees to employ the Executive through the date in which at least two years have passed from the grant date of the 150,000 options and the 25,000 shares of restricted stock that are set forth in Section 4 ("two year period"), unless the Company is entitled to terminate the Executive for Cause or after having established the Executive's Disability. The parties acknowledge that one of the purposes of this subparagraph (f) is to allow for the vesting of options and restricted stocks during the two year period in the ordinary course in accordance with the Executive's Offer Letter and the Plan.

10. Compensation Upon Certain Terminations by the Company not Following a Change in Control.

(a) If during the term of the Agreement (including any extensions thereof), whether or not following a Change in Control (as defined below), the Executive's employment is terminated by the Company for Cause or by reason of the Executive's death, or if the Executive gives written notice not to extend the term of this Agreement, the Company's sole obligations hereunder shall be to pay the Executive the following amounts earned hereunder but not paid as of the Termination Date: (i) Base Salary, (ii) reimbursement for any and all monies advanced or expenses incurred pursuant to Section 7(b) through the Termination Date, and (iii) any earned compensation which the Executive had previously deferred (including any interest earned or credited thereon)(collectively,

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"Accrued Compensation"). The Executive's entitlement to any other benefits shall be determined in accordance with the Company's employee benefit plans then in effect.

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

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

(ii) the Company shall continue to pay the Executive the Base Salary for a period of one (1) year following the Termination Date;

(iii) in consideration of the Executive signing a General Release, the Company shall (A) pay the Executive any incentive compensation under the plan described in Section 6 that the Executive would have received if he had remained employed with the Company for a period of one (1) year after the Termination Date; (B) pay the Executive his Base Salary for one additional year after payments have ended under Section 10(b)(ii); (C) if said termination occurs prior to the two year period as set forth in section 9(f), compensate the Executive for any loss of stock options and restricted stock that would have vested during the two year period as contemplated by Section 9(f) hereof, and

(iv) provided, however, that in the event Executive becomes entitled to any payments under Section 10(g), the Company's obligations to Executive under Section 10 shall thereafter be determined solely under Section 10 (g).

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

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

(ii) the Executive shall be entitled to receive the applicable Base Salary continuation rights described in the Executive's Offer Letter, plus any disability benefits available under the Company's Executive Long Term Disability Plan as also described in the Executive's Offer Letter.

(d) If the Executive's employment is terminated by reason of the Company's written notice to the Executive of its decision not to extend the Employment Agreement pursuant to Section 1 hereof, the Company's sole obligation hereunder shall be as follows:

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

(ii) the Company shall continue to pay the Executive the Base Salary for a period of one (1) year following the expiration of such term; and

(iii) in consideration of the Executive signing a General Release, the Company shall (A) pay the Executive any incentive compensation under the plan described

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in Section 6 that the Executive would have received if he had remained employed with the Company for a period of one (1) year after the Termination Date; and (B) pay the Executive his Base Salary for one additional year after payments have ended under Section 10(d)(ii); and

(e) For up to eighteen (18) months during the period the Executive is receiving salary continuation pursuant to Section 10(b)(ii), 10(c)(ii) or 10(d)(ii) hereof, the Company shall, at its expense, provide to the Executive and the Executive's beneficiaries medical and dental benefits substantially similar in the aggregate to the those provided to the Executive immediately prior to the date of the Executive's termination of

employment; provided, however, that the Company's obligation to provide such benefits shall cease upon the earlier of Executive's becoming employed or the expiration of Executive's rights to continue such medical and dental benefits under COBRA.

(f) Executive shall not be required to mitigate the amount of any payment provided for in this Section 10 by seeking other employment or otherwise and no such payment or benefit shall be eliminated, offset or reduced by the amount of any compensation provided to the Executive in any subsequent employment, except as provided in Section 10(e).

(g) In the event that (x) the Company enters into a binding agreement that, if consummated, would constitute a Change in Control, (y) Executive's employment is terminated under the circumstances set forth in Section 10(b) and (z) within six months after the execution of such agreement a Change in Control of the Company occurs involving one or more of the other parties to such agreement, then the Company's sole obligations hereunder shall be as follows:

(i) the Company shall pay to Executive a lump sum payment in cash no later than 10 business days after the Change in Control an amount equal to the sum of (A) and (B), where (A) is the difference between (x) the Severance Amount (as defined in Section 14(a)(ii)) and (y) the sum of the payments made to the Executive prior to the change in Control pursuant to Section 10(b)(ii) and (B) is the difference between (x) the Bonus Amount (as defined in the Section 14(a)(iii)) and (y) the payments, if any, made to Executive prior to the Change in Control pursuant to Section 10(b)(iii)(A);

(ii) the Company shall reimburse Executive for any documented legal fees and expenses to the extent set forth in Section 14(a)(iv);

(iii) The Company shall make available to Executive and Executive's beneficiaries medical and dental benefits to the extent provided in Section 14(a)(v); and

(iv) each of the Company and Executive shall have and be subject to, the rights, duties, and obligations set forth in Sections 13(c) and (d).

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11. Employee Covenants.

(a) For the purposes of this Section 11, the term "Company" shall include Limited Brands, Inc. and all of its subsidiaries and affiliates thereof.

(b) Confidentiality. The Executive shall not, during the term of this Agreement and thereafter, make any Unauthorized Disclosure. For purposes of this Agreement, "Unauthorized Disclosure" shall mean use by the Executive for his own benefit or disclosure by the Executive to any person other than a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company or as may be legally required, of any confidential information relating to the business or prospects of the Company (including, but not limited to, any information and materials pertaining to any Intellectual Property as defined below ; provided, however, that such term shall not include the use or disclosure by the Executive, without consent, of any publicly available information (other than information available as a result of disclosure by the Executive in violation of this Section 11(b)). This confidentiality covenant has no temporal, geographical or territorial restriction, however, the parties acknowledge that unless the confidential information constitutes a trade secret of the Company such confidential information as a general rule ceases to be confidential after five years.

(c) Non-Competition. During the Non-Competition Period described below, the Executive shall not, directly or indirectly, without the prior written consent of the Company, own, manage, operate, join, control, be employed by, consult with or participate in the ownership, management, operation or control of, or be connected with (as a stockholder, partner, or otherwise), any business, individual, partner, firm, corporation, or other entity that competes or plans to compete, directly or indirectly, with the Company, or any of its products; provided, however, that the "beneficial ownership" by the Executive after termination of employment with the Company, either individually or as a member of a "group," as such terms are used in Rule 13d of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of not more than two percent (2%) of the voting stock of any publicly held corporation shall not be a violation of Section 11 of this Agreement.

The "Non-Competition Period" means the period the Executive is employed by the Company plus one (1) year from the Termination Date if the Executive's employment is terminated (i) by the Company for any reason, or (ii) by the Executive for any reason.

Notwithstanding anything in this Agreement to the contrary, the Executive after his Termination Date shall be allowed to serve on the board of any specialty retailer that does not engage or plans to engage in any business activity that accounts for a material portion of the Company's annual sales.

(d) Non-Solicitation. During the No-Raid Period described below, the Executive shall not directly or indirectly solicit, induce or attempt to influence any employee to leave the employment of the Company, nor assist anyone else in doing so. Further, during the No-Raid Period, the Executive shall not, either directly or indirectly, alone or in conjunction with another party, interfere with or harm, or attempt to interfere with or harm, the relationship of the Company, with any person who at any time was an employee, customer or supplier of the Company, or otherwise had a business relationship with the Company.

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The "No-Raid Period" means the period the Executive is employed by the Company plus one (1) year from the Termination Date if the Executive's employment is terminated (i) by the Company for any reason, or (ii) by the Executive for any reason.

(e) Intellectual Property. The Executive agrees that all inventions, designs and ideas conceived, produced, created, or reduced to practice, either solely or jointly with others, during his employment with the Company including those developed on his own time, which relates to or is useful in the Company's business ("Intellectual Property") shall be owned solely by the Company. The Executive understands that whether in preliminary or final form, such Intellectual Property includes, for example, all ideas, inventions, discoveries, designs, innovations, improvements, trade secrets, and other intellectual property. All Intellectual Property is either work made for hire for the Company within the meaning of the United States Copyright Act, or, if such Intellectual Property is determined not to be work made for hire, then the Executive irrevocably assigns all rights, titles and interests in and to the Intellectual Property to the Company, including all copyrights, patents, and/or trademarks. The Executive agrees that he will, without any additional consideration, execute all documents and take all other actions needed to convey his complete ownership of the Intellectual Property to the Company so that the Company may own and protect such Intellectual Property and obtain patent, copyright and trademark registrations for it. The Executive also agrees that the Company may alter or modify the Intellectual Property at the Company's sole discretion, and the Executive waives all right to claim or disclaim authorship. The Executive also represents that he has not previously invented any Intellectual Property or has advised the Company in writing of any prior inventions or ideas.

(f) Remedies. The Executive agrees that any breach of the terms of this Section 11 would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; the Executive therefore also agrees that in the event of said breach or any threat of breach, the Company shall be entitled to an immediate injunction and restraining order to prevent, such breach and/or threatened breach and/or continued breach by the Executive and/or any and all persons and/or entities acting for and/or with the Executive, without having to prove damages. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including but not limited to the recovery of damages from the Executive. The Executive and the Company further agree that the provisions of the covenants not to compete and solicit are reasonable and that the Company would not have entered into this Agreement but for the inclusion of such covenants herein. The parties agree that the prevailing party shall be entitled to all costs and expenses, including reasonable attorneys' fees and costs, in addition to any other remedies to which either may be entitled at law or in equity. Should a court determine, however, that any provision of the covenants is unreasonable, either in period of time, geographical area, or otherwise, the parties hereto agree that the covenant should be interpreted and enforced to the maximum extent which such court deems reasonable.

The provisions of this Section 11 shall survive any termination of this Agreement, and the existence of any claim or cause of action by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements of this Section 11; provided, however, that this paragraph shall not, in and of itself, preclude the Executive from defending himself against the enforceability of the covenants and agreements of this Section 11.

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12. Employee Representation. The Executive expressly represents and warrants to the Company that the Executive is not a party to any contract or agreement and is not otherwise obligated in any way, and is not subject to any rules or regulations, whether governmentally imposed or otherwise, which will or may restrict in any way the Executive's ability to fully perform the Executive's duties and responsibilities under this Agreement.

13. Change in Control.

(a) For purposes of this Section 13, "Company" shall mean Limited Brands, Inc., a Delaware corporation.

(b) For purposes of this Agreement "Change in Control" means, and shall be deemed to have occurred upon the first to occur of any of the following events:

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

(ii) During any period of 24 consecutive months individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company's stockholders 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 the Board;

(iii) 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 outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and

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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) 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 at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation;

(iv) 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 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) 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 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; or

(v) The occurrence of any transaction or event that the Board, in its sole discretion, designates a "Change in Control".

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 an Executive, if Executive is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the 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 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, 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

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individuals and entities who were the "beneficial owners", respectively, of the Voting Stock 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. "Voting Stock" shall mean securities of the Company entitled to vote generally in the election of members of the Company's Board of Directors.

(c) **Gross-Up Payment.** In the event it shall be determined that any payment or distribution of any type to or for the benefit of the Executive, by the Company, any of its affiliates, any Person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company's assets (within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder) or any affiliate of such Person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments.

(d) All determinations as to whether any of the Total Payments are "parachute payments" (within the meaning of Section 280G of the Code), whether a Gross-Up Payment is required, the amount of such Gross-Up Payment and any amounts relevant to the last sentence of Subsection 13(c), shall be made by an independent accounting firm selected by the Company from among the largest six accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations regarding the amount of any Gross-Up Payment and any other relevant matter, both to the Company and the Executive within five (5) days of the Termination Date, if applicable, or such earlier time as is requested by the Company or the Executive (if the Executive reasonably believes that any of the Total Payments may be subject to the Excise Tax). Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that the Company should have made Gross-Up Payments ("Underpayment"), or that Gross-Up Payments will have been made by the Company which should not have been made ("Overpayments"). In either such event, the Accounting Firm shall determine the amount of the Underpayment or Overpayment that has occurred. In the case of an Underpayment, the amount of such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. In the case of an Overpayment, the Executive shall, at the direction and expense of the Company, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, the Company, and otherwise reasonably cooperate with the Company to correct such Overpayment.

14. Compensation Upon Certain Terminations During the 24-Month Period Following a Change in Control

(a) If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, in each case during the 24

consecutive month period immediately following a Change in Control, the Company's sole obligations hereunder subject to the Executive's execution of a General Release, shall be as follows:

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

(ii) the Company shall pay the Executive a lump sum payment in cash no later than ten business days after the Termination Date an amount equal to two times Executive's Base Salary (the "Severance Amount");

(iii) the Company shall pay the Executive a lump sum payment in cash no later than ten (10) business days after the date of termination an amount equal to the sum of the last four (4) bonus payments the Executive received under the Company's incentive compensation plan described in Section 6 and a pro-rata amount for the season in which the Executive's employment is terminated based on the average of the prior four (4) bonus payments and the number of days the Executive is employed during such season (the "Bonus Amount");

(iv) the Company shall reimburse the Executive for all documented legal fees and expenses reasonably incurred by the Executive in seeking to obtain or enforce any right or benefit provided by this Section 14; and

(v) the Company shall provide the Executive and Executive's beneficiaries medical and dental benefits substantially similar to those which the Executive was receiving immediately prior to the date of termination for a period of eighteen (18) months after the Termination Date; provided however, that the Company's obligation with respect to the foregoing medical and dental benefits shall cease in the event Executive becomes employed.

(b) Except as provided in Section 14(a)(v), the Executive shall not be required to mitigate the amount of any payment provided for in this Section 14 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 14 be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

15. Successors and Assigns.

(a) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The term "the Company" as used herein shall include any such successors and assigns to the Company's business and/or assets. The term "successors and assigns" as used herein shall mean a corporation or other entity acquiring or otherwise succeeding to, directly or indirectly, all or substantially all the assets and business of the Company (including this Agreement) whether by operation of law or otherwise.

(b) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Executive, the Executive's beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement

shall inure to the benefit of and be enforceable by the Executive's legal personal representative.

16. Arbitration. Except with respect to the remedies set forth in Section 11(f) hereof, any controversy or claim between the Company or any of its affiliates and the Executive arising out of or relating to this Agreement or its termination shall be settled and determined by a single arbitrator whose award shall be accepted as final and binding upon the parties. The American Arbitration Association, under its Employment Arbitration Rules, shall administer the binding arbitration. The arbitration shall take place in New York, New York. The Company and the Executive each waive any right to a jury trial or to a petition for stay in any action or proceeding of any kind arising out of or relating to this Agreement or its termination and agree that the arbitrator shall have the authority to award cost and attorney fees to the prevailing party.

17. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or upon receipt if overnight delivery service or facsimile is used, addressed as follows:

To the Executive:
Martyn Redgrave
c/o Frank Vogl
Best & Flanagan LLP
225 South Sixth Street #4000
Minneapolis, Minnesota 55402

To the Company:
Limited Brands, Inc.
Three Limited Parkway
Columbus, Ohio 43230
Attn: Secretary

It is with a great deal of pleasure that we write this letter to formalize our invitation for you to join us at Limited Brands. We are pleased and excited at the prospect of having you as our partner. All of our instincts say the chemistry is right, and the fit is terrific for all of us . . . we will truly enjoy working together.

The following points will outline the terms of our offer:

Position Executive Vice President – Chief Administrative Officer

Annual Base Salary \$ 900,000 per annum

Annual review of your salary will take place in either April 2005 or April 2006 (depending on your start date), and each April thereafter, with annual adjustments based on:

- (1) Your performance
- (2) Economic factors (e.g., inflation, job market, etc.)

Sign-On Bonus If you join us on or prior to March 15, 2005, we will pay you a one-time sign-on bonus of \$600,000, less withholdings, immediately following your start date. You acknowledge and agree that you will repay an annualized pro-rata share of this sign-on bonus to Limited Brands in the event you voluntarily resign prior to your two-year anniversary.

Incentive Compensation

- Participation in the Incentive Compensation (cash bonus) program at an annual target level of 100% of your annual base salary. Your initial annual target level is \$900,000. Maximum annual payout is double your target level.
- All Incentive Compensation (IC) payouts are based on Limited Brands overall results and can vary from zero (0) to a maximum of double your target level.
- In calculating your annual IC payout, the year is divided into two seasons with 40% of your annual IC paid for the Spring Season and 60% for the Fall Season.
- Pursuant to the terms of the Incentive Compensation Program, your minimum IC payment for Spring season 2005 will be \$450,000, less withholdings. In addition, for Spring season 2005, you will receive any actual IC payout earned in excess of the above \$450,000 minimum IC payment. After your first season, your IC payout will be based on actual business results.

Martyn Redgrave

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January 13, 2005

Stock Options Pursuant to terms of the Limited Brands Stock Option and Incentive Plan, upon hire the Company will recommend to the Compensation Committee of the Board of Directors that you be granted 150,000 option shares in Limited Brands common stock.

- The effective date of grant of these option shares shall be the date of approval by the Compensation Committee, and the price of these option shares shall be the closing price of Limited Brands stock on the date of approval by the Compensation Committee, which will be executed on their next regularly scheduled meeting after your date of hire.
- Stock options are exercisable:

25% - 1 year after grant date	25% - 3 years after grant date
25% - 2 years after grant date	25% - 4 years after grant date
- All future grants will be made commensurate with your position and performance.

Restricted Stock Upon hire, the Company will recommend to the Compensation Committee of the Board of Directors that you be granted 25,000 restricted shares of Limited Brands common stock, pursuant to the terms of the Limited Brands Stock Option and Incentive Plan, which shall have a grant date as of the date of approval by the Compensation Committee (to be executed on their next regularly scheduled meeting after your date of hire), and which shall vest 100% as of the fourth anniversary of the grant date.

Employment Agreement This offer is subject to your agreeing to enter into an Employment Agreement that is generally consistent with those signed by other executives at your level.

Relocation You will be reimbursed for relocation expenses under the provisions of our Relocation Policy. You acknowledge that if you leave voluntarily prior to your first anniversary, you will repay Limited Brands for your relocation expenses.

Benefits The full extent of coverage is explained in benefits materials to be provided to you separately. Some of the highlights are:

Group Health Benefits Package

- Medical/Dental & Discounted Vision Program:
Comprehensive coverage for you and your family
- Executive Medical:
A company-paid benefit that provides an additional \$10,000 of coverage for you and your family
- Life Insurance:
Four times base salary (maximum of \$1,000,000)
- Long-Term Disability (based on salary level in this offer letter):
Company-paid benefit of \$25,000 per month maximum
- Executive Long-Term Disability:
Provides you the opportunity to purchase an additional \$10,000 of monthly disability coverage
- Travel Accident
Five times base salary (maximum of \$2,000,000)

Martyn Redgrave

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January 13, 2005

Associate Contribution: In 2005, you will pay a bi-weekly amount of \$29/single, \$58/associate + one dependent, or \$87/family for medical, dental, life insurance and long-term disability coverage.

Discount: You receive a graduated discount up to 40% after 60 days on purchases in all retail divisions of Limited Brands.

Paid Time Off (PTO) Program: 22 days per calendar year.

Retirement Plan: The retirement programs sponsored by the company consist of the "qualified" Savings and Retirement Plan (SARP) and the "non-qualified" Supplemental Retirement Plan. Both programs provide personal savings opportunities, with matched company contributions and separate annual retirement contributions by the company. After one year of service, you may participate in the SARP 401(k) and save from 1% to 15% of your compensation up to the IRS 401(k) annual maximum deferral amount (\$14,000 in 2005). The company will match your 401(k) savings at 100% on the first 4% you save, and you will be immediately 100% vested in this match. Should your pay exceed the IRS qualified plan compensation maximum (\$210,000 in 2005), you will automatically be enrolled in the Alternate Savings portion of the Supplemental Plan at 3% of pay in excess of the IRS compensation maximum, which will receive a 200% company match. In addition, the company will make an annual Retirement Contribution of 3% of your pay below the Social Security Wage Base, and 6% of your pay above the Social Security Wage Base. The annual Retirement Contribution, as well as the company match in the Alternate Savings Plan, vests over a 7-year service period. Lastly, you are able to immediately defer compensation into the Supplemental Retirement Plan beginning in your first year of employment. You must make this election within 30 days of your date of hire. This deferred compensation is not eligible for a match by the company.

This offer is based on your representation that you are under no legal impediment to accepting our offer and performing the anticipated services, and is also subject to your demonstrating eligibility to work in the United States in compliance with the Immigration Reform and Control Act of 1986.

We are excited at the prospect of your joining the Limited Brands leadership team to work with us to build a great future. Please call me with any questions you may have. Upon acceptance of our offer, we ask that you sign and return a copy of this letter to:

Mr. Steve Keyes – Vice President, Compensation
Limited Brands, Inc. - 3 Limited Parkway - Columbus, OH 43230
Tel. (614) 415-8076 / Fax (614) 415-7440

Sincerely,

/s/ Leonard A. Schlesinger
Leonard A. Schlesinger
Vice Chairman and Chief Operating Officer
Limited Brands, Inc.

I accept the foregoing offer as of the date below:

/s/ Martyn Redgrave
Martyn Redgrave

01/17/2005
Date

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into, effective upon execution by the parties, by and between Limited Brands, Inc. and The Limited Service Corporation (the "Company"), and Jay Margolis (the "Executive") (hereinafter collectively referred to as "the parties").

WHEREAS, the Executive will be employed as a Group President – Apparel Brands and will be experienced in various phases of the Company's business and will possess an intimate knowledge of the business and affairs of the Company and its policies, procedures, methods, and personnel; and

WHEREAS, the Company has determined that it is essential and in its best interests to retain the services of key management personnel and to ensure their continued dedication and efforts; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company to secure the services and employment of the Executive, and the Executive is willing to render such services on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements of the parties contained herein, the parties hereby agree as follows:

1. Term. The initial term of employment under this Agreement shall be for the period commencing on the Executive's first day of employment with the Company (the "Anniversary Date" or sometimes referred to as "Commencement Date"), which shall be on or about February 7, 2005 and ending on the Executive's sixth anniversary of the Anniversary Date (the "Initial Term"); provided, however, that thereafter this Agreement shall be automatically renewed from year to year, unless either the Company or the Executive shall have given written notice to the other at least ninety (90) days prior thereto that the term of this Agreement shall not be so renewed.

2. Employment.

(a) Position. The Executive shall be employed as Group President – Apparel Brands or such other position of reasonably comparable or greater status and responsibilities, as may be determined by the Board of Directors. The Executive shall perform the duties, undertake the responsibilities, and exercise the authority customarily performed, undertaken, and exercised by persons employed in a similar executive capacity. The Executive shall report to the Office of the Chief Executive.

(b) Obligations. The Executive agrees to devote his full business time and attention to the business and affairs of the Company. The foregoing, however, shall not preclude the Executive from serving on corporate, civic, or charitable boards or committees or managing personal investments, so long as such activities do not interfere with the performance of the Executive's responsibilities hereunder.

3. Base Salary. The Company agrees to pay or cause to be paid to the Executive an annual base salary at the rate of One Million One Hundred Fifty Thousand Dollars \$1,150,000, less applicable withholding. Beginning in April 2006, this base salary will be subject to annual review and may be increased, but not decreased, from time to time by the Board considering factors such as the Executive's responsibilities, compensation of similar executives within the company and in other companies, performance of the Executive, and other pertinent factors (hereinafter referred to as the

"Base Salary"). Such Base Salary shall be payable in accordance with the Company's customary practices applicable to its executives.

4. Equity Compensation. The Company shall use its best efforts to have the Compensation Committee grant to the Executive, on or about its next regularly scheduled meeting, options to acquire 250,000 shares of the Company's common stock as set forth in the Executive's December 17, 2004 Offer Letter (hereinafter the "Offer Letter", a copy of which is attached as Schedule A and which is expressly incorporated herein). Such grant shall be subject to the terms and conditions set forth in the Company's Stock Option and Performance Incentive Plan ("Plan") and in the Company's normal form of stock option agreements. The stock options shall be priced and vest and become exercisable as set forth in the Executive's Offer Letter. In addition, pursuant to the Plan, the Company shall use its best efforts to have the Compensation Committee grant to the Executive, on or about its next regularly scheduled meeting, 75,000 restricted shares of the Company's common stock, which shall thereafter vest in accordance with the schedule set forth in the Executive's Offer Letter. Thereafter, the Company shall use its best efforts to have the Compensation Committee grant to the Executive options to acquire shares of the Company's common stock as set forth in the Offer Letter and pursuant to the terms and conditions of the Plan.

5. Employee Benefits. The Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company and made available to senior executives generally and as may be in effect from time to time. The Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to senior executives of the Company generally.

6. Bonus.

(a) The Executive shall be entitled to participate in the Company's applicable incentive compensation plan at a target level of One Hundred Twenty Percent (120%) of the Executive's Base Salary on such terms and conditions as outlined in the Executive's Offer Letter and as determined from time to time by the Board. As provided in the Executive's Offer Letter, the minimum incentive compensation bonus for the first two seasons of the Executive's employment will be at target.

(b) The Company agrees to pay the Executive a separate sign-on bonus in the amount of Five Hundred Thousand Dollars (\$500,000) less applicable tax withholdings, within two (2) weeks of the Commencement Date. The Executive agrees that if he voluntarily resigns (other than for Good Reason or due to Disability, in each case as defined below) prior to his first year anniversary date, he shall pay back to the Company an amount equal to the after tax portion of the entire amount of the sign-on bonus, and that, if he so resigns (other than for Good Reason or due to Disability) after his first year anniversary date but prior to his second year anniversary date, he shall pay back to the Company an amount equal to the after-tax portion of one-half of the sign-on bonus.

7. Other Benefits.

(a) Life Insurance. The Executive shall be entitled to Life Insurance benefits as set forth in the Offer Letter. The Company agrees that the Executive shall be entitled to designate the beneficiary under said Life Insurance policy.

(b) Expenses. Subject to applicable Company policies, the Executive shall be entitled to receive prompt reimbursement of all expenses reasonably incurred by

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him in connection with the performance of his duties hereunder or for promoting, pursuing, or otherwise furthering the business or interests of the Company.

(c) Office and Facilities. The Executive shall be provided with such offices, secretarial and other support facilities as are commensurate with the Executive's status with the Company and adequate for the performance of his duties hereunder.

8. Paid Time Off (PTO) Program. The Executive shall be entitled to paid time off in accordance with the policies as periodically established by the Board for similarly situated executives of the Company or such PTO provisions that are provided in the attached Offer Letter, whichever are greater.

9. Termination. The Executive's employment hereunder is subject to the following terms and conditions:

(a) Disability. The Company shall be entitled to terminate the Executive's employment after having established the Executive's Disability. For purposes of this Agreement, "Disability" means a physical or mental infirmity which impairs the Executive's ability to substantially perform his duties under this Agreement for a period of at least six months in any twelve-month calendar period as determined in accordance with Limited Brands, Inc. Long-Term Disability Plan.

(b) Cause. The Company shall be entitled to terminate the Executive's employment for "Cause" without prior written notice. For purposes of this Agreement, "Cause" shall mean that the Executive (1) willfully failed to perform his duties with the Company (other than a failure resulting from the Executive's incapacity due to physical or mental illness); or (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.

The Executive shall be given written notice by the Board of termination for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. The Executive shall be entitled to a hearing before the Board or a committee thereof established for such purpose and to be accompanied by legal counsel. Such hearing shall be held within 15 days of notice to the Company by the Executive, provided the Executive requests such hearing within 30 days of the written notice from the Board of the termination for Cause.

(c) Termination by the Executive. The Executive may terminate employment hereunder for "Good Reason" by delivering to the Company (1) a Preliminary Notice of Good Reason (as defined below), and (2) not earlier than thirty (30) days from the delivery of such Preliminary Notice, a Notice of Termination. For purposes of this Agreement, "Good Reason" means (i) the failure to continue the Executive in a capacity contemplated by Section 2 hereof; (ii) the assignment to the Executive of any duties materially inconsistent with the Executive's positions, duties, authority, responsibilities, and reporting requirements as set forth in Section 2 or the failure to assign duties commensurate with Executive's position and responsibilities as provided in Section 2 hereof; (iii) a reduction in or a material delay in payment of the Executive's total cash, equity or other compensation and benefits from those required to be provided in accordance with the provisions of this Agreement, notwithstanding the Company's best efforts; (iv) the Company, the Board or any person controlling the Company requires the Executive to be based outside of the United States, other than on travel reasonably

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required to carry out the Executive's obligations under the Agreement, however, the parties agree that the Executive's relocation outside of Columbus, Ohio will only be required in connection with the relocation of the Company's executive offices, or (v) the failure of the Company to obtain the assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of the Company within 15 days after a merger, consolidation, sale, or similar transaction; provided, however, that "Good Reason" shall not include (A) acts not taken in bad faith which are cured by the Company in all respects not later than thirty (30) days from the date of receipt by the Company of a written notice from the Executive identifying in reasonable detail the act or acts constituting "Good Reason" (a "Preliminary Notice of Good Reason") or (B) acts taken by the Company by reason of the Executive's physical or mental infirmity which impairs the Executive's ability to substantially perform his duties under this Agreement. A Preliminary Notice of Good Reason shall not, by itself, constitute a Notice of Termination.

(d) Notice of Termination. Any purported termination for Cause by the Company or for Good Reason by the Executive shall be communicated by a written Notice of Termination to the other two weeks prior to the Termination Date (as defined below). For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Any termination by the Company other than for Cause or by the Executive without Good Reason shall be communicated by a written Notice of Termination to the other party two (2) weeks prior to the Termination Date. However, the Company may elect to pay the Executive in lieu of two (2) weeks written notice. For purposes of this Agreement, no such purported termination of employment shall be effective without such Notice of Termination.

(e) Termination Date, Etc. "Termination Date" shall mean in the case of the Executive's death, the date of death, or in all other cases, the date specified in the Notice of Termination; provided, however, that if the Executive's employment is terminated by the Company due to Disability, the date specified in the Notice of Termination shall be at least thirty (30) days from the date the Notice of Termination is given to the Executive.

(f) Guaranteed Employment. Notwithstanding anything in this Agreement, to the contrary, the Company agrees to employ the Executive through the date in which at least two years have passed from the grant date of the 250,000 options and the 75,000 shares of restricted stock that are set forth in Section 4 ("two year period"), unless the Company is entitled to terminate the Executive for Cause or after having established the Executive's Disability and the Executive agrees that unless he has Good Reason to resign to remain employed with the Company through said

date. The parties acknowledge that one of the purposes of this subparagraph (f) is to allow for the vesting of options and restricted stocks during the two year period in the ordinary course in accordance with the Executive's Offer Letter and the Plan.

10. Compensation Upon Certain Terminations by the Company not Following a Change in Control.

(a) If during the term of the Agreement (including any extensions thereof), whether or not following a Change in Control (as defined below), the Executive's employment is terminated by the Company for Cause or by reason of the Executive's death, or if the Executive gives written notice not to extend the term of this Agreement,

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the Company's sole obligations hereunder shall be to pay the Executive the following amounts earned hereunder but not paid as of the Termination Date: (i) Base Salary, (ii) reimbursement for any and all monies advanced or expenses incurred pursuant to Section 7(b) through the Termination Date, and (iii) any earned compensation which the Executive had previously deferred (including any interest earned or credited thereon) (collectively, "Accrued Compensation"). The Executive's entitlement to any other benefits shall be determined in accordance with the Company's employee benefit plans then in effect.

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

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

(ii) the Company shall continue to pay the Executive the Base Salary for a period of one (1) year following the Termination Date;

(iii) in consideration of the Executive signing a General Release, the Company shall (A) pay the Executive any incentive compensation under the plan described in Section 6 that the Executive would have received if he had remained employed with the Company for a period of one (1) year after the Termination Date, however, if said Termination Date is prior to the Executive's third Anniversary Date, the amount of the incentive compensation payout will be guaranteed at target; (B) pay the Executive his Base Salary for one additional year after payments have ended under Section 10(b)(ii); (C) if said termination occurred prior to the two year period as set forth in section 9(f), compensate the Executive for any loss of stock option and restricted stock that would have vested during the two year period as contemplated by Section 9(f) hereof, and

(iv) provided, however, that in the event Executive becomes entitled to any payments under Section 10(g), the Company's obligations to Executive under Section 10 shall thereafter be determined solely under Section 10 (g).

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

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

(ii) the Executive shall be entitled to receive the applicable Base Salary continuation rights described in the Executive's Offer Letter, plus any disability benefits available under the Company's Executive Long Term Disability Plan as also described in the Executive's Offer Letter.

(d) If the Executive's employment is terminated by reason of the Company's written notice to the Executive of its decision not to extend the Employment Agreement pursuant to Section 1 hereof, the Company's sole obligation hereunder shall be as follows:

(i) the Company shall pay the Executive the Accrued

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Compensation;

(ii) the Company shall continue to pay the Executive the Base Salary for a period of one (1) year following the expiration of such term; and

(iii) in consideration of the Executive signing a General Release, the Company shall (A) pay the Executive any incentive compensation under the plan described in Section 6 that the Executive would have received if he had remained employed with the Company for a period of one (1) year after the Termination Date; and (B) pay the Executive his Base Salary for one additional year after payments have ended under Section 10(d)(ii); and

(e) For up to eighteen (18) months during the period the Executive is receiving salary continuation pursuant to Section 10(b)(ii), 10(c)(ii) or 10(d)(ii) hereof, the Company shall, at its expense, provide to the Executive and the Executive's beneficiaries medical and dental benefits substantially similar in the aggregate to the those provided to the Executive immediately prior to the date of the Executive's termination of employment; provided, however, that the Company's obligation to provide such benefits shall cease upon the earlier of Executive's becoming employed or the expiration of Executive's rights to continue such medical and dental benefits under COBRA.

(f) Executive shall not be required to mitigate the amount of any payment provided for in this Section 10 by seeking other employment or otherwise and no such payment or benefit shall be eliminated, offset or reduced by the amount of any compensation provided to the Executive in any subsequent employment, except as provided in Section 10(e).

(g) In the event that (x) the Company enters into a binding agreement that, if consummated, would constitute a Change in Control, (y) Executive's employment is terminated under the circumstances set forth in Section 10(b) and (z) within six months after the execution of such agreement a Change in Control of the Company occurs involving one or more of the other parties to such agreement, then the Company's sole obligations hereunder shall be as follows:

(i) the Company shall pay to Executive a lump sum payment in cash no later than 10 business days after the Change in Control an amount equal to the sum of (A) and (B), where (A) is the difference between (x) the Severance Amount (as defined in Section 14(a)(ii)) and (y) the

sum of the payments made to the Executive prior to the change in Control pursuant to Section 10(b)(ii) and (B) is the difference between (x) the Bonus Amount (as defined in the Section 14(a)(iii)) and (y) the payments, if any, made to Executive prior to the Change in Control pursuant to Section 10(b)(iii)(A);

(ii) the Company shall reimburse Executive for any documented legal fees and expenses to the extent set forth in Section 14(a)(iv);

(iii) the Company shall pay such premiums as are required by Section 14(a)(v)(A) to the extent not previously paid pursuant to Section 10(b)(iv) and shall make available to Executive and Executive's beneficiaries medical and dental benefits to the extent provided in Section 14(a)(v)(B); and

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(iv) each of the Company and Executive shall have and be subject to, the rights, duties, and obligations set forth in Sections 13(c) and (d).

11. Employee Covenants.

(a) For the purposes of this Section 11, the term "Company" shall include Limited Brands, Inc. and all of its subsidiaries and affiliates thereof.

(b) Confidentiality. The Executive shall not, during the term of this Agreement and thereafter, make any Unauthorized Disclosure. For purposes of this Agreement, "Unauthorized Disclosure" shall mean use by the Executive for his own benefit or disclosure by the Executive to any person other than a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company or as may be legally required, of any confidential information relating to the business or prospects of the Company (including, but not limited to, any information and materials pertaining to any Intellectual Property as defined below ; provided, however, that such term shall not include the use or disclosure by the Executive, without consent, of any publicly available information (other than information available as a result of disclosure by the Executive in violation of this Section 11(b)). This confidentiality covenant has no temporal, geographical or territorial restriction.

(c) Non-Competition. During the Non-Competition Period described below, the Executive shall not, directly or indirectly, without the prior written consent of the Company, own, manage, operate, join, control, be employed by, consult with or participate in the ownership, management, operation or control of, or be connected with (as a stockholder, partner, or otherwise), any business, individual, partner, firm, corporation, or other entity that competes or plans to compete, directly or indirectly, with the Company, or any of its products; provided, however, that the "beneficial ownership" by the Executive after termination of employment with the Company, either individually or as a member of a "group," as such terms are used in Rule 13d of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of not more than two percent (2%) of the voting stock of any publicly held corporation shall not be a violation of Section 11 of this Agreement.

The "Non-Competition Period" means the period the Executive is employed by the Company plus one (1) year from the Termination Date if the Executive's employment is terminated (i) by the Company for any reason, or (ii) by the Executive for any reason.

(d) Non-Solicitation. During the No-Raid Period described below, the Executive shall not directly or indirectly solicit, induce or attempt to influence any employee to leave the employment of the Company, nor assist anyone else in doing so. Further, during the No-Raid Period, the Executive shall not, either directly or indirectly, alone or in conjunction with another party, interfere with or harm, or attempt to interfere with or harm, the relationship of the Company, with any person who at any time was an employee, customer or supplier of the Company, or otherwise had a business relationship with the Company.

The "No-Raid Period" means the period the Executive is employed by the Company plus one (1) year from the Termination Date if the Executive's

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employment is terminated (i) by the Company for any reason, or (ii) by the Executive for any reason.

(e) Intellectual Property. The Executive agrees that all inventions, designs and ideas conceived, produced, created, or reduced to practice, either solely or jointly with others, during his employment with the Company including those developed on his own time, which relates to or is useful in the Company's business ("Intellectual Property") shall be owned solely by the Company. The Executive understands that whether in preliminary or final form, such Intellectual Property includes, for example, all ideas, inventions, discoveries, designs, innovations, improvements, trade secrets, and other intellectual property. All intellectual Property is either work made for hire for the Company within the meaning of the United States Copyright Act, or, if such Intellectual Property is determined not to be work made for hire, then the Executive irrevocably assigns all rights, titles and interests in and to the Intellectual Property to the Company, including all copyrights, patents, and/or trademarks. The Executive agrees that he will, without any additional consideration, execute all documents and take all other actions needed to convey his complete ownership of the Intellectual Property to the Company so that the Company may own and protect such Intellectual Property and obtain patent, copyright and trademark registrations for it. The Executive also agrees that the Company may alter or modify the Intellectual Property at the Company's sole discretion, and the Executive waives all right to claim or disclaim authorship. The Executive represents and warrants that any Intellectual Property that he assigns to the Company, except as otherwise disclosed in writing at the time of assignment, will be my sole, exclusive, original work. The Executive also represents that he has not previously invented any Intellectual Property or has advised the Company in writing of any prior inventions or ideas.

(f) Remedies. The Executive agrees that any breach of the terms of this Section 11 would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; the Executive therefore also agrees that in the event of said breach or any threat of breach, the Company shall be entitled to an immediate injunction and restraining order to prevent, such breach and/or threatened breach and/or continued breach by the Executive and/or any and all persons and/or entities acting for and/or with the Executive, without having to prove damages, and to all costs and expenses, including reasonable attorneys' fees and costs, in addition to any other remedies to which the Company may be entitled at law or in equity. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including but not limited to the recovery of damages from the Executive. The Executive and the Company further agree that the provisions of the covenants not to compete and solicit are reasonable and that the Company would not have entered into this Agreement but for the inclusion of such covenants herein. Should a court determine, however, that any provision of the covenants

is unreasonable, either in period of time, geographical area, or otherwise, the parties hereto agree that the covenant should be interpreted and enforced to the maximum extent which such court deems reasonable.

The provisions of this Section 11 shall survive any termination of this Agreement, and the existence of any claim or cause of action by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements of this Section 11; provided, however, that this paragraph shall not, in and of itself, preclude the Executive from defending himself against the enforceability of the covenants and agreements of this Section 11.

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12. Employee Representation. The Executive expressly represents and warrants to the Company that the Executive is not a party to any contract or agreement and is not otherwise obligated in any way, and is not subject to any rules or regulations, whether governmentally imposed or otherwise, which will or may restrict in any way the Executive's ability to fully perform the Executive's duties and responsibilities under this Agreement.

13. Change in Control.

(a) For purposes of this Section 13, "Company" shall mean Limited Brands, Inc., a Delaware corporation.

(b) For purposes of this Agreement "Change in Control" means, and shall be deemed to have occurred upon the first to occur of any of the following events:

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

(ii) During any period of 24 consecutive months individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company's stockholders 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 the Board;

(iii) 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 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

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consolidation, directly or indirectly, 33% or more of the voting power of the outstanding Voting Stock) 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 at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation;

(iv) 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 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) 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 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; or

(v) The occurrence of any transaction or event that the Board, in its sole discretion, designates a "Change in Control".

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 an Executive, if Executive is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the 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 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 outstanding immediately prior to such

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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. "Voting Stock" shall mean securities of the Company entitled to vote generally in the election of members of the Company's Board of Directors.

(c) **Gross-Up Payment.** In the event it shall be determined that any payment or distribution of any type to or for the benefit of the Executive, by the Company, any of its affiliates, any Person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company's assets (within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder) or any affiliate of such Person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments.

(d) All determinations as to whether any of the Total Payments are "parachute payments" (within the meaning of Section 280G of the Code), whether a Gross-Up Payment is required, the amount of such Gross-Up Payment and any amounts relevant to the last sentence of Subsection 13(c), shall be made by an independent accounting firm selected by the Company from among the largest six accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations regarding the amount of any Gross-Up Payment and any other relevant matter, both to the Company and the Executive within five (5) days of the Termination Date, if applicable, or such earlier time as is requested by the Company or the Executive (if the Executive reasonably believes that any of the Total Payments may be subject to the Excise Tax). Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that the Company should have made Gross-Up Payments ("Underpayment"), or that Gross-Up Payments will have been made by the Company which should not have been made ("Overpayments"). In either such event, the Accounting Firm shall determine the amount of the Underpayment or Overpayment that has occurred. In the case of an Underpayment, the amount of such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. In the case of an Overpayment, the Executive shall, at the direction and expense of the Company, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, the Company, and otherwise reasonably cooperate with the Company to correct such Overpayment.

14. Compensation Upon Certain Terminations During the 24-Month Period Following a Change in Control

(a) If the Executive's employment is terminated by the Company consecutive month period immediately following a Change in Control, the Company's sole

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obligations hereunder subject to the Executive's execution of a General Release, shall be as follows:

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

(ii) the Company shall pay the Executive a lump sum payment in cash no later than ten business days after the termination date an amount equal to two times Executive's Base Salary (the "Severance Amount");

(iii) the Company shall pay the Executive a lump sum payment in cash no later than ten (10) business days after the date of termination an amount equal to the sum of the last four (4) bonus payments the Executive received under the Company's incentive compensation plan described in Section 6 and a pro-rata amount for the season in which the Executive's employment is terminated based on the average of the prior four (4) bonus payments and the number of days the Executive is employed during such season (the "Bonus Amount");

(iv) the Company shall reimburse the Executive for all documented legal fees and expenses reasonably incurred by the Executive in seeking to obtain or enforce any right or benefit provided by this Section 14; and

(v) the Company shall provide the Executive and Executive's beneficiaries medical and dental benefits substantially similar to those which the Executive was receiving immediately prior to the date of termination for a period of eighteen (18) months after the termination date; provided however, that the Company's obligation with respect to the foregoing medical and dental benefits shall cease in the event Executive becomes employed.

(b) Except as provided in Section 14(a)(v)(B), the Executive shall not be required to mitigate the amount of any payment provided for in this Section 14 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 14 be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

15. Successors and Assigns.

(a) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The term "the Company" as used herein shall

include any such successors and assigns to the Company's business and/or assets. The term "successors and assigns" as used herein shall mean a corporation or other entity acquiring or otherwise succeeding to, directly or indirectly, all or substantially all the assets and business of the Company (including this Agreement) whether by operation of law or otherwise.

(b) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Executive, the Executive's beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement

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shall inure to the benefit of and be enforceable by the Executive's legal personal representative.

16. Arbitration. Except with respect to the remedies set forth in Section 11(f) hereof, any controversy or claim between the Company or any of its affiliates and the Executive arising out of or relating to this Agreement or its termination shall be settled and determined by binding arbitration. The American Arbitration Association, under its Commercial Arbitration Rules, shall administer the binding arbitration. The arbitration shall take place in Columbus, Ohio. The Company and the Executive shall appoint one person to act as an arbitrator, and a third arbitrator shall be chosen by the first two arbitrators (such three arbitrators, the "Panel"). The Panel shall have no authority to award punitive damages against the Company or the Executive. The Panel shall have no authority to add to, alter, amend, or refuse to enforce any portion of the disputed agreements. The Company and the Executive each waive any right to a jury trial or to a petition for stay in any action or proceeding of any kind arising out of or relating to this Agreement or its termination. The Company and the Executive agree that the prevailing party shall be responsible for the payment of the other party's legal fees. During any arbitration, the Company agrees to continue to pay the Executive's base salary until it is determined it no longer has said obligation.

17. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or upon receipt if overnight delivery service or facsimile is used, addressed as follows:

To the Executive:
Jay Margolis
c/o Harvey Horowitz
239 East 79th Street
New York, New York 10021

To the Company:
Limited Brands, Inc.
Three Limited Parkway
Columbus, Ohio 43230
Attn: Secretary

18. Settlement of Claims. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense, or other right which the Company may have against the Executive or others.

19. Miscellaneous. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

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20. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Ohio without giving effect to the conflict of law principles thereof.

21. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

22. Entire Agreement. This Agreement along with the Executive's Offer Letter constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof. If there are any conflicts between the Offer Letter and this Agreement, the more favorable terms shall be applied to the Executive.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Executive has executed this Agreement as of the day and year first above written.

LIMITED BRANDS, INC.

By: /s/ Leonard A. Schlesinger

Name: Leonard A. Schlesinger

Title: Vice Chairman and
Chief Operating Officer

01/05/2005

Date

/s/ Jay Margolis

Jay Margolis

01/05/2005

Date

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SCHEDULE A

December 17, 2004

Jay Margolis
c/o Berglass Grayson
399 Park Avenue
New York, NY 10022

Dear Jay:

It is with a great deal of pleasure that we write this letter to formalize our invitation for you to join us at Limited Brands. We are pleased and excited at the prospect of having you as our partner. All of our instincts say the chemistry is right, and the fit is terrific for all of us . . . we will truly enjoy working together.

The following points will outline the terms of our offer:

- Position** Group President – Apparel Brands, as discussed.
- Annual Base Salary** \$ 1,150,000 per annum
- Annual review of your salary will take place in April 2006, and each April thereafter, with annual adjustments based on:
- (1) Your performance
 - (2) Economic factors (e.g., inflation, job market, etc.)
- Sign-On Bonus** We will pay you a one-time sign-on bonus of \$500,000, less withholdings, immediately following your start date. You acknowledge and agree that you will repay an annualized pro-rata share of this sign-on bonus to Limited Brands in the event you voluntarily resign prior to your two-year anniversary.
- Incentive Compensation**
- Participation in the Incentive Compensation (cash bonus) program at an annual target level of 120% of your annual base salary. Your initial annual target level is \$1,380,000. Maximum annual payout is double your target level, or \$2,760,000.
 - All Incentive Compensation (IC) payouts will be based

on weighted combined results of EXPRESS and Limited Stores, and can vary from zero (0) to a maximum of double your target level.

- In calculating your annual IC payout, the year is divided into two seasons with 40% of your annual IC paid for the Spring Season and 60% for the Fall

Season.

- Pursuant to the terms of the Incentive Compensation Program, your minimum IC payments for your first two seasons will be at target. In addition, you will receive any actual IC payout earned in excess of the target level. After your first two seasons, your IC payout will be based on actual business results.

Stock Options

Pursuant to terms of the Limited Brands Stock Option and Incentive Plan, upon hire the Company will recommend to the Compensation Committee of the Board of Directors that you be granted 250,000 option shares in Limited Brands common stock.

- The effective date of grant of these option shares shall be the date of approval by the Compensation Committee, and the price of these option shares shall be the closing price of Limited Brands stock on the date of approval by the Compensation Committee, which will be executed on their next regularly scheduled meeting after your date of hire.
- Future option grants shall be recommended to the Compensation Committee as follows in the following years:

2006	100,000 options	2009	50,000 options
2007	75,000 options	2010	50,000 options
2008	75,000 options		

- Stock options shall vest 25% on each of the 1st, 2nd, 3rd, and 4th anniversaries of the grant date.

Restricted Stock

Upon hire, the Company will recommend to the Compensation Committee of the Board of Directors that you be granted 75,000 restricted shares of Limited Brands common stock, pursuant to the terms of the Limited Brands Stock Option and Incentive Plan, which shall have a grant date as of the date of approval by the Compensation

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Committee (to be executed on their next regularly scheduled meeting after your date of hire), and which shall vest 33 1/3rd % on each of the 1st, 2nd, and 3rd anniversaries of the grant date.

Employment Agreement

This offer is subject to your agreeing to enter into an Employment Agreement that is generally consistent with those signed by other executives at your level.

Relocation

You will be reimbursed for relocation expenses under the provisions of our Relocation Policy. You acknowledge that if you leave voluntarily prior to your first anniversary, you will repay Limited Brands for your relocation expenses.

Benefits

The full extent of coverage is explained in benefits materials to be provided to you separately. Some of the highlights are:

Group Health Benefits Package

- Medical/Dental & Discounted Vision Program: Comprehensive coverage for you and your family
- Executive Medical:
A company-paid benefit that provides an additional \$10,000 of coverage for you and your family
- Life Insurance:
Two times base salary (maximum of \$1,000,000)
- Executive Life Insurance:
Two times base salary (combined with life insurance)

maximum of \$1,000,000)

- n Long-Term Disability (based on salary level in this offer letter):
Company-paid benefit of \$25,000 per month maximum
- n Executive Long-Term Disability:
Provides you the opportunity to purchase an additional
\$10,000 of monthly disability coverage
- n Travel Accident
Five times base salary (maximum of \$2,000,000)

Associate Contribution: In 2005, you will pay a bi-weekly amount of \$29/single, \$58/associate + one dependent, or \$87/family for medical, dental, life insurance and long-term

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disability coverage.

Discount: You receive a graduated discount up to 40% after 60 days on purchases in all retail divisions of Limited Brands.

Paid Time Off (PTO) Program: 22 days per calendar year.

Retirement Plan: The retirement programs sponsored by the company consist of the "qualified" Savings and Retirement Plan (SARP) and the "non-qualified" Supplemental Retirement Plan. Both programs provide personal savings opportunities, with matched company contributions and separate annual retirement contributions by the company. After one year of service, you may participate in the SARP 401(k) and save from 1% to 15% of your compensation up to the IRS 401(k) annual maximum deferral amount (\$14,000 in 2005). The company will match your 401(k) savings at 100% on the first 4% you save, and you will be immediately 100% vested in this match. Should your pay exceed the IRS qualified plan compensation maximum (\$210,000 in 2005), you will automatically be enrolled in the Alternate Savings portion of the Supplemental Plan at 3% of pay in excess of the IRS compensation maximum, which will receive a 200% company match. In addition, the company will make an annual Retirement Contribution of 3% of your pay below the Social Security Wage Base, and 6% of your pay above the Social Security Wage Base. The annual Retirement Contribution, as well as the company match in the Alternate Savings Plan, vests over a 7-year service period. Lastly, you are able to immediately defer compensation into the Supplemental Retirement Plan beginning in your first year of employment. You must make this election within 30 days of your date of hire. This deferred compensation is not eligible for a match by the company.

This offer is based on your representation that you are under no legal impediment to accepting our offer and performing the anticipated services, and is also subject to your demonstrating eligibility to work in the United States in compliance with the Immigration Reform and Control Act of 1986.

We are excited at the prospect of your joining the Limited Brands leadership team to work with us to build a great future. Please call me with any questions you may have. Upon acceptance of our offer, we ask that you sign and return a copy of this letter to:

Mr. Steve Keyes – Vice President, Compensation

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Limited Brands, Inc. - 3 Limited Parkway - Columbus, OH 43230
Tel. (614) 415-8076 / Fax (614) 415-7440

Sincerely,

/s/ Leonard A. Schlesinger
Leonard A. Schlesinger

Vice Chairman and Chief Operating Officer
Limited Brands, Inc.

I accept the foregoing offer as of the date below:

/s/ Jay Margolis

01/05/2005

Jay Margolis

Date

Limited Brands

LIMITED BRANDS, INC. ANNOUNCES REORGANIZATION INTO THREE BUSINESS GROUPS AND APPOINTMENTS TO ITS LEADERSHIP TEAM

— **Martyn Redgrave named Executive Vice President and Chief Administrative Officer** —

— **Jay Margolis appointed Group President, Apparel** —

— **Deborah Fine tapped as Chief Executive Officer of PINK** —

COLUMBUS, Ohio (January 18, 2005) — In an effort to accelerate future growth opportunities, Limited Brands, Inc. (NYSE: LTD) today announced appointments to its leadership team and a reorganization of the company into business groups for lingerie, beauty and personal care, and apparel.

“We are poised for accelerated future growth and we need the depth and breadth of leadership to achieve it,” said Leslie H. Wexner, Chairman and CEO of Limited Brands. “This newly assembled leadership team will provide the needed intense focus and oversight in lingerie, beauty and personal care and apparel to maximize our growth potential.”

Under the reorganization, three business groups will each be led by a Group President who will provide oversight for brand and product across all distribution channels. The new roles are:

- In addition to his current role, Les Wexner will assume group leader responsibilities for lingerie, which includes the Victoria’s Secret megabrand.
- In addition to his current role, Len Schlesinger, Vice Chairman and COO, will oversee beauty and personal care, which includes Bath & Body Works. Both he and Mr. Wexner will share responsibility for Henri Bendel and Victoria’s Secret Beauty.
- Jay Margolis, formerly President/COO of Reebok International, joins Limited Brands, Inc. as Group President, Apparel, with oversight for Express and The Limited.
- Martyn Redgrave, currently Executive Vice President and Chief Financial Officer for Carlson Companies, Inc., will become Executive Vice President and Chief Administrative Officer of Limited Brands, with oversight for all administrative functions of the company.

Both Margolis and Redgrave will join Wexner and Schlesinger as part of the newly formed Limited Brands Executive Committee. V. Ann Hailey, Executive Vice President and Chief Financial Officer, and Sandy West, Executive Vice President, Human Resources, will also serve on this

committee which will oversee the financial and operations management of the enterprise and consider future opportunities.

The Company also announced the appointment of Deborah Fine, formerly CEO of Avon Future, as CEO of PINK, to fully develop PINK into a lifestyle brand. Ms. Fine brings with her an extensive background in the fashion, beauty and consumer product industries. Founder and President of Avon Future since 2001, Fine created and launched the Mark business, a brand designed to attract the next generation of Avon buyers and sellers. Prior to joining Avon, Fine held numerous executive positions with Conde Nast Publications as Vice President and Publisher of *Glamour*, Publisher of *Bride’s*, and Director of Fashion and Retail Advertising for *Vanity Fair*. She has also held senior management positions with the *New York Times* Company and The Rupert Murdoch Organization.

Martyn Redgrave brings to Limited Brands an impressive track record in the areas of finance, corporate development, global mergers and acquisitions, enterprise wide business transformations and large scale systems implementations, as well as in driving strategic development and best-in-class governance processes in large complex organizations. During his 11 year tenure with Carlson Companies in Minneapolis, which is the largest privately held hospitality, travel and marketing services company in the world with over \$20 billion in system wide sales, Mr. Redgrave has been responsible for worldwide strategic planning and financial management, mergers and acquisitions, strategic sourcing and procurement, as well as all traditional areas of finance and shared services operations. Carlson’s brands include T.G.I. Fridays, Regent Hotels, Radisson Hotels and Resorts, Country Inns and Suites,

Park Inns, Seven Seas Cruises, Carlson Marketing Group and Carlson Wagonlit Travel. Prior to joining Carlson Companies, Inc., Martyn spent 14 years in positions of increasing responsibility at Pepsico, Inc. including serving as the Senior Vice President and Chief Financial Officer for both Kentucky Fried Chicken and Taco Bell, as well as the Senior Vice President of Taco Bell and President, General Manager of the Taco Bell's Northern Division, which included operating responsibility for an over \$1 billion revenue business with over 1,200 restaurants. He has been directly responsible for over \$10 billion of acquisition, joint venture and divestiture transactions in all parts of the world, and has led six major enterprise level business transformations during his tenure with Carlson and Pepsico.

Jay Margolis brings to Limited Brands extensive brand building experience. Previously President/COO of Reebok International, Mr. Margolis also served as EVP/President of the Reebok Specialty Business Groups (with oversight for Ralph Lauren, Rockport and Greg Norman brands) and Chairman/CEO of Esprit de Corporation. Mr. Margolis' retail experience also includes executive leadership roles at Tommy Hilfiger/Pepe (President/Vice Chairman of the Board) and Liz Claiborne (Vice Chairman, President, Liz Claiborne Sportswear and President Claiborne Men's).

ABOUT LIMITED BRANDS:

Limited Brands, through Victoria's Secret, Bath & Body Works, Express, Limited Stores, White Barn Candle Co. and Henri Bendel, presently operates 3,835 specialty stores. Victoria's Secret products are also available through the catalogue and www.VictoriasSecret.com.

For further information, please contact:

Tom Katzenmeyer

SVP, Investor, Media and Community Relations

Limited Brands, Inc.

614-415-7076

www.Limitedbrands.com
