

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended February 3, 1996

OR

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

For the transition period from _____ to _____

Commission file number 1-8344

THE LIMITED, INC.

(Exact name of registrant as specified in its charter)

Delaware

31-1029810

(State or other jurisdiction of
incorporation or organization)

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

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

43216

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (614) 479-7000

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

Title of each class	Name of each exchange on which registered
---------------------	---

Common Stock, \$.50 Par Value	The New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act: None.

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

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

Aggregate market value of the registrant's Common Stock held by non-affiliates
of the registrant as of March 18, 1996: \$5,448,463,287.

Number of shares outstanding of the registrant's Common Stock as of March 18,
1996: 270,731,095.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's annual report to shareholders for the fiscal year
ended February 3, 1996 are incorporated by reference into Part I and Part II,
and portions of the registrant's proxy statement for the Annual Meeting of
Shareholders scheduled for May 20, 1996 are incorporated by reference into Part
III.

PART I

ITEM 1. BUSINESS.

General.

The Limited, Inc., a Delaware corporation (the "Company", which term sometimes includes Intimate Brands, Inc.), is principally engaged in the purchase, distribution and sale of women's apparel, lingerie, men's apparel, personal care products, children's apparel and a wide variety of sporting goods. The Company operates an integrated distribution system which supports the Company's retail activities. These activities are conducted under various trade names through the retail stores and catalogue divisions of the Company. Merchandise is targeted to appeal to customers in specialty markets who have distinctive consumer characteristics. The Company's women's apparel divisions offer regular and special-sized fashion apparel at various price levels, including shirts, blouses, sweaters, pants, skirts, coats and dresses. In addition, the Company offers lingerie and accessories, men's apparel, fragrances, bed, bath, personal care products, specialty gift items, children's apparel and a wide variety of sporting goods.

Description of Operations.

General.

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As of February 3, 1996, the Company operated the following divisions: (1) Intimate Brands, Inc. ("IBI") (a corporation in which the Company holds an 83% interest) which consists of three lingerie divisions including two retail divisions and one catalogue division (Victoria's Secret Catalogue) and two personal care divisions, (2) five women's apparel retail divisions, (3) the Emerging divisions which consist of two men's apparel divisions, one children's apparel division and one sporting goods division. The following chart reflects the retail divisions and the number of stores in operation in each division at February 3, 1996 and January 28, 1995.

RETAIL DIVISIONS -----	NUMBER OF STORES -----	
	February 3, 1996 -----	January 28, 1995 -----
Women's -----		
Express	737	716
Lerner New York	835	846
Lane Bryant	828	812
Limited Stores	689	709
Henri Bendel	4	4
	-----	-----
Total Women's	3,093	3,087
Emerging -----		
Structure	518	466
Abercrombie & Fitch Co.	100	67
The Limited Too	288	210
Galyan's Trading Co.	6	-
	-----	-----
Total Emerging	912	743
Intimate Brands, Inc. -----		
Victoria's Secret Stores	671	601
Cacique	120	114
Bath & Body Works	498	318
Penhaligon's	4	4
	-----	-----
Total Intimate Brands, Inc.	1,293	1,037
	-----	-----
Total	5,298 =====	4,867 =====

The following table shows the changes in the number of retail stores operated by the Company for the past five fiscal years:

Fiscal Year ----	Beginning of Year -----	Acquired -----	Opened -----	Closed -----	End of Year -----
1991	3,760	-	484	(50)	4,194
1992	4,194	-	323	(92)	4,425
1993	4,425	-	322	(124)	4,623
1994	4,623	-	358	(114)	4,867
1995	4,867	6	504	(79)	5,298

The Company also operates Mast Industries, Inc., a contract manufacturer and apparel importer, and Gryphon Development, Inc. ("Gryphon") which is a subsidiary of IBI. Gryphon creates, develops and contract manufactures most of the bath and personal care products sold by the Company.

During fiscal year 1995, the Company purchased merchandise from approximately 5,300 suppliers and factories located throughout the world. Approximately 55% of the Company's merchandise is purchased in foreign markets and a portion of merchandise purchased in the domestic market is manufactured overseas. Company records, however, do not track between foreign and domestic sources for merchandise purchased domestically. No more than 5% of goods purchased originated from any single manufacturer.

Most of the merchandise and related materials for the Company's stores is shipped to the Company's distribution centers in the Columbus, Ohio area, where the merchandise is received and inspected. The Company uses common and contract carriers to distribute merchandise and related materials to its stores. The Company's divisions generally have independent distribution capabilities and no division receives priority over any other division. There are no distribution channels between the divisions.

The Company's policy is to maintain sufficient quantities of inventory on hand in its retail stores and distribution centers so that it can offer customers a full selection of current merchandise. The Company emphasizes rapid turnover and takes markdowns where required to keep merchandise fresh and current with fashion trends.

The Company views the retail apparel market as having two principal selling seasons, Spring and Fall. As is generally the case in the apparel industry, the Company experiences its peak sales activity during the Fall season. This seasonal sales pattern results in increased inventory and accounts receivable during the Fall and Christmas selling periods. During fiscal year 1995, the highest inventory level approximated \$1.436 billion at the November 1995 month-end and the lowest inventory level approximated \$943 million at the February 1995 month-end.

Merchandise sales are paid for in cash or by personal check, credit cards issued by third parties or credit cards issued by the Company's credit card processing venture, World Financial Network National Bank ("WFNNB"), for customers of Express, Lerner New York, Lane Bryant, Limited, Henri Bendel, Victoria's Secret Stores, Victoria's Secret Catalogue, Structure and Abercrombie & Fitch. WFNNB was a wholly-owned subsidiary of the Company prior to January 1996, when a 60% interest was sold to a New York investment firm, resulting in the formation of a joint venture which will focus on providing private-label and bank card transaction processing and database management services to retailers, including the Company's private-label credit card operations. Further information regarding this transaction is contained in Note 2 of the Notes to Consolidated Financial Statements included in The Limited, Inc., 1995 Annual Report to Shareholders, portions of which are annexed hereto as Exhibit 13 (the "1995 Annual Report") and is incorporated herein by reference.

The Company offers its customers a liberal return policy stated as "No Sale is Ever Final." The Company believes that certain of its competitors offer similar credit card and service policies.

The following is a brief description of each of the Company's operating divisions, including their respective target markets.

Women's

- - - - -

Express - Everyday European street fashion, as it is happening, 22-40 year old women.

Lerner New York - Fashionable sportswear for the value-minded customer.

Lane Bryant - Fashionable sportswear, ready-to-wear, lingerie, accessories and hosiery for the larger-sized (14 - 28) customer.

Limited - Classic American clothing for women, aged 25-45, who are sophisticated versus trendy and who want clothing that's high-quality and versatile.

Henri Bendel - Fashion apparel, cosmetics, accessories and gifts for professional women, aged 30-plus, from higher-income households.

Emerging

- - - - -

Structure - European-inspired sportswear and ready-to-wear, with a distinctive American casual interpretation for 18-40 year old men.

Abercrombie & Fitch Co. - Natural American-style sportswear-casual, classic, spirited-for young-minded men and women, aged 15-30.

Limited Too - American casual fashion for girls to age 14.

Galyan's - The "coolest" destination in sports retailing for sports enthusiasts and wanna-be's of all ages and both genders.

Additional information about the Company's business, including its revenues and profits for the last three years, plus selling square footage and other information about each of the Company's operating divisions, is set forth under the caption "Management's Discussion and Analysis" of the 1995 Annual Report and is incorporated herein by reference.

Intimate Brands, Inc.

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Victoria's Secret Stores - Most successful brand of elegant intimate apparel, foundations and related products for women aged 15 and above.

Cacique - Beautiful, high-quality, French-inspired lingerie for sophisticated women, age 25-plus.

Victoria's Secret Catalogue - The premier catalogue of women's intimate apparel and clothing presented in an aspirational lifestyle setting for women aged 18 and over.

Bath & Body Works - Healthy, natural, good-for-you personal care products and gifts of superior efficacy and value from America's heartland for men and women of all ages.

Penhaligon's - Highly desirable, world-class purveyor of classic scents and fine English gifts for sophisticated, well-traveled men and women.

Competition.

The sale of apparel, personal care products and sporting goods through retail stores is a highly competitive business with numerous competitors, including individual and chain fashion specialty stores and department stores. Design, price, service, selection and quality are the principal competitive factors in retail store sales. The Company's catalogue division competes with numerous national and regional catalogue merchandisers in catalogue sales. Design, price, quality and catalogue presentation are the principal competitive factors in catalogue sales.

The Company is unable to estimate the number of competitors or its relative competitive position due to the large number of companies selling apparel and personal care products at retail, both through stores and catalogues.

Associate Relations.

On February 3, 1996, the Company employed approximately 104,000 associates, 74,500 of whom were part-time. In addition, temporary associates are hired during peak periods, such as the Christmas season.

ITEM 2. PROPERTIES.

The Company's business is principally conducted from office, distribution and shipping facilities located in the Columbus, Ohio area. Additional facilities are located in New York City, New York, Indianapolis, Indiana, Andover, Massachusetts, Kettering, Ohio, and London, England.

The distribution and shipping facilities owned by the Company consist of seven buildings located in Columbus, Ohio, comprising approximately 5.2 million square feet.

Substantially all of the retail stores operated by the Company are located in leased facilities, primarily in shopping centers throughout the continental United States. The leases expire at various dates principally between 1996 and 2016 and generally do not have renewal options.

Typically, when space is leased for a retail store in a shopping center, all improvements, including interior walls, floors, ceilings, fixtures and decorations, are supplied by the tenant. In certain cases, the landlord of the property may provide a construction allowance to defray a portion of the cost of improvements. The cost of improvements varies widely, depending on the size and location of the store. Rental terms for new locations usually include a fixed minimum rent plus a percentage of sales in excess of a specified amount. Certain operating costs such as common area maintenance, utilities, insurance, and taxes are typically paid by tenants.

ITEM 3. LEGAL PROCEEDINGS.

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT.

Set forth below is certain information regarding the executive officers of the Company as of February 3, 1996.

Leslie H. Wexner, 58, has been Chairman of the Board of Directors of the Company for more than five years and its President and Chief Executive Officer since he founded the Company in 1963.

Kenneth B. Gilman, 49, has been Vice Chairman and Chief Financial Officer of the Company since June 1993. Mr. Gilman was the Executive Vice President and Chief Financial Officer of the Company for more than five years prior thereto.

Michael Weiss, 54, has been Vice Chairman of the Company since June 1993. Mr. Weiss was the Chief Executive Officer of the Company's Express division for more than five years prior thereto.

Bella Wexner, over 65 years of age, has been the Secretary of the Company for more than five years.

Martin Trust, 61, has been President of Mast Industries, Inc., a wholly-owned subsidiary of the Company, for more than five years.

Arnold F. Kanarick, 55, has been Executive Vice President and Director of Human Resources since October 1992. Mr. Kanarick was Vice President, Human Resources of Analog Devices, a manufacturer of semiconductors, from 1985 to 1992.

Wade H. Buff, 61, has been Vice President, Internal Audit of the Company for more than five years.

Alfred S. Dietzel, 64, has been Vice President, Financial and Public Relations of the Company for more than five years.

Samuel P. Fried, 44, has been Vice President and General Counsel of the Company since November 1991. Mr. Fried was Vice President and General Counsel of Exide Corporation, a manufacturer of automotive and industrial batteries, from February 1987 to October 1991.

William K. Gerber, 41, has been Vice President, Finance of the Company since August 1993. Mr. Gerber was Vice President and Corporate Controller of the Company for more than five years prior thereto.

Patrick C. Hectorne, 43, has been Treasurer of the Company since August 1993. Mr. Hectorne was Assistant Treasurer of the Company for more than five years prior thereto.

Charles W. Hinson, 59, has been President, Store Planning of the Company for more than five years.

Kent A. Kleeberger, 44, has been Corporate Controller of the Company Since July 1995. Mr. Kleeberger was Vice President and Controller at Victoria's Secret Catalogue from February 1993 to June 1995 and Director of Accounting Operations at Victoria's's Secret Catalogue from August 1991 to January 1993 and Director of Financial Reporting at The Limited, Inc. prior thereto.

Jack Listanowsky, 48, has been Vice President and Chief Sourcing and Production Officer of the Company since March 1995. Mr. Listanowsky was Executive Vice President, Manufacturing and Operations for Liz Claiborne, Inc. for more than five years prior thereto.

Timothy B. Lyons, 49, has been Vice President, Taxes of the Company for more than five years.

Edward G. Razek, 47, has been Vice President and Director of Marketing of the Company since November 1993. Mr. Razek was the Executive Vice President of Marketing for Limited Stores for more than five years prior thereto.

Jon Ricker, 46, has been Vice President and Chief Information Officer of the Company since February 1996. Mr. Ricker was Vice President and Chief Information Officer for Bell South from mid-1993 and Vice President, Corporate Systems Development for Federal Express from 1990 to mid-1993.

Bruce A. Soll, 38, has been Vice President of the Company since October 1991. Mr. Soll was Counselor/Director of Policy Planning for the U.S. Department of Commerce from February 1989 to September 1991.

All of the above officers serve at the pleasure of the Board of Directors of the Company.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Information regarding markets in which the Company's common stock was traded during fiscal years 1995 and 1994, approximate number of holders of common stock, and quarterly cash dividend per share information of the Company's common stock for the fiscal years 1995 and 1994 is set forth under the caption "Market Price and Dividend Information" of the 1995 Annual Report and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

Selected financial data is set forth under the caption "Financial Summary" on pages 40 and 41 of the 1995 Annual Report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's discussion and analysis of financial condition and results of operations is set forth under the caption "Management's Discussion and Analysis" of the 1995 Annual Report and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Financial Statements of the Company and subsidiaries, the Notes to Consolidated Financial Statements and the Report of Independent Accountants are set forth in the 1995 Annual Report and are incorporated herein by reference.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding directors of the Company is set forth under the captions "ELECTION OF DIRECTORS - Nominees and Directors", "- Business Experience", "- Information Concerning the Board of Directors" and "- Security Ownership of Directors and Management" on pages 1 through 6 of the Company's proxy statement for the Annual Meeting of Shareholders to be held May 20, 1996 (the "Proxy Statement") and is incorporated herein by reference. Information regarding executive officers is set forth herein under the caption "SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I.

ITEM 11. EXECUTIVE COMPENSATION.

Information regarding executive compensation is set forth under the caption "EXECUTIVE COMPENSATION" on pages 8 through 11 of the Proxy Statement and is incorporated herein by reference. Such incorporation by reference shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information regarding the security ownership of certain beneficial owners and management is set forth under the captions "ELECTION OF DIRECTORS - Security Ownership of Directors and Management" on pages 4 through 6 of the Proxy Statement and "PRINCIPAL HOLDERS OF VOTING SECURITIES" on page 17 of the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information regarding certain relationships and related transactions is set forth under the captions "ELECTION OF DIRECTORS - Business Experience" on pages 2 and 3 of the Proxy Statement and "ELECTION OF DIRECTORS - Certain Relationships and Related Transactions" on pages 6 and 7 of the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

- (a)(1) List of Financial Statements.

The following consolidated financial statements of The Limited, Inc. and Subsidiaries and the related notes are filed as a part of this report pursuant to ITEM 8:

Consolidated Statements of Income for the fiscal years ended February 3, 1996, January 28, 1995, and January 29, 1994.

Consolidated Balance Sheets as of February 3, 1996 and January 28, 1995.

Consolidated Statements of Shareholders' Equity for the fiscal years ended February 3, 1996, January 28, 1995 and January 29, 1994.

Consolidated Statements of Cash Flows for the fiscal years ended February 3, 1996, January 28, 1995 and January 29, 1994.

Notes to Consolidated Financial Statements.

Report of Independent Accountants.

(a)(2) List of Financial Statement Schedules.

The following consolidated financial statement schedule of The Limited, Inc. and subsidiaries is filed as part of this report pursuant to ITEM 14(d):

II. Valuation and Qualifying Accounts.

All other schedules are omitted because the required information is either presented in the financial statements or notes thereto, or is not applicable, required or material. Columns omitted from the schedule have been omitted because the information is not applicable.

(a)(3) List of Exhibits

3. Articles of Incorporation and Bylaws.

- 3.1. Certificate of Incorporation of the Company incorporated by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1988.
- 3.2. Restated Bylaws of the Company incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 1991 (the "1990 Form 10-K").

4. Instruments Defining the Rights of Security Holders.

- 4.1. Copy of the form of Global Security representing the Company's 7 1/2% Debentures due 2023, incorporated by reference to Exhibit 1 to the Company's Current Report on Form 8-K dated March 4, 1993.
- 4.2. Conformed copy of the Indenture dated as of March 15, 1988 between the Company and The Bank of New York, incorporated by reference to Exhibit 4.1(a) to the Company's Current Report on Form 8-K dated March 21, 1989.
- 4.3. Copy of the form of Global Security representing the Company's 8 7/8% Notes due August 15, 1999, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 14, 1989.
- 4.4. Copy of the form of Global Security representing the Company's 9 1/8% Notes due February 1, 2001, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 6, 1991.
- 4.5. Copy of the form of Global Security representing the Company's 7.80% Notes due May 15, 2002, incorporated by reference to the Company's Current Report on Form 8-K dated February 27, 1992.
- 4.6. Proposed form of Debt Warrant Agreement for Warrants attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-3 (File no. 33-53366) originally filed with the Securities and Exchange Commission (the "Commission") on October 16, 1992, as amended by Amendment No. 1 thereto, filed with the Commission on February 23, 1993 (the "1993 Form S-3").

- 4.7. Proposed form of Debt Warrant Agreement for Warrants not attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.3 to the 1993 Form S-3.
- 4.8. Credit Agreement dated as of December 15, 1995 among the Company, Morgan Guaranty Trust Company of New York and the banks listed therein.

10. Material Contracts.

- 10.1. The Restated 1981 Stock Option Plan of The Limited, Inc., incorporated by reference to Exhibit 28(b) to the Company's Registration Statement on Form S-8 (File No. 33-18533) (the "Form S-8").
- 10.2. The 1987 Stock Option Plan of The Limited, Inc., incorporated by reference to Exhibit 28(a) to the Form S-8.
- 10.3. Officers' Benefits Plan incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1989 (the "1988 Form 10-K").
- 10.4. The Limited Deferred Compensation Plan incorporated by reference to Exhibit 10.4 to the 1990 Form 10-K.
- 10.5. Form of Indemnification Agreement between the Company and the directors and officers of the Company, incorporated by reference to Exhibit A to the Company's definitive proxy statement dated April 18, 1988 for the Company's 1988 Annual Meeting of Shareholders held May 23, 1988.
- 10.6. Schedule of directors and officers who became parties to Indemnification Agreements effective May 23, 1988, incorporated by reference to Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 1988.
- 10.7. Supplemental schedule of officer who became a party to an Indemnification Agreement effective May 23, 1988 incorporated by reference to Exhibit 10.7 to the 1988 Form 10-K.
- 10.8. Supplemental schedule of directors and officers who became parties to Indemnification Agreements incorporated by reference to Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 1, 1992.
- 10.9. Supplemental schedule of officer who became party to an Indemnification Agreement effective November 16, 1992 incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended January 30, 1993.

- 10.10 Supplemental schedule of officer who became party to an Indemnification Agreement effective June 3, 1993, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 1993.
- 10.11 The 1993 Stock Option and Performance Incentive Plan of the Company, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-8 (File No. 33-49871).
- 10.12 Supplemental schedule of director who became party to an Indemnification Agreement effective January 27, 1995 incorporated by reference to Exhibit 10.12 to the 1994 Form 10-K.
- 10.13 Supplemental schedule of officer who became party to an Indemnification Agreement effective March 20, 1995 incorporated by reference to Exhibit 10.13 to the 1994 Form 10-K.
- 10.14 Form of Offer to Purchase dated February 1, 1996 incorporated by reference to the Company's Tender Offer Statement on Schedule 13E-4 filed February 1, 1996.
- 10.15 Contingent Stock Redemption Agreement dated as of January 26, 1996 among the Company, Leslie H. Wexner and The Wexner Children's Trust incorporated by reference to the Company's Tender Offer Statement on Schedule 13E-4 filed February 1, 1996.
- 10.16 Supplemental schedule of officer who became party to an Indemnification Agreement effective March 7, 1996.
- 10.17 Supplemental schedule of officer who became party to an Indemnification Agreement effective February 1, 1996.

11. Statement re Computation of Per Share Earnings.
12. Statement re Computation of Ratio of Earnings to Fixed Charges.
13. Excerpts from the 1995 Annual Report to Shareholders including "Financial Summary", "Management's Discussion and Analysis" and "Financial Statements and Notes" on pages 40 - 61.
21. Subsidiaries of the Registrant.
23. Consent of Independent Accountants.
24. Powers of Attorney.
27. Financial Data Schedule.
99. Annual Report of The Limited, Inc. Savings and Retirement Plan.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the fourth quarter of fiscal year 1995.

(c) Exhibits.

The exhibits to this report are listed in section (a)(3) of Item 14 above.

(d) Financial Statement Schedule

The financial statement schedule filed with this report is listed in section (a)(2) of Item 14 above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 1, 1996

THE LIMITED, INC.
(registrant)

By /s/ KENNETH B. GILMAN

Kenneth B. Gilman,
Vice Chairman and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on May 1, 1996:

Signature -----	Title -----
/s/ LESLIE H. WEXNER* ----- Leslie H. Wexner	Chairman of the Board of Directors, President and Chief Executive Officer
/s/ KENNETH B. GILMAN ----- Kenneth B. Gilman	Director, Vice Chairman, Chief Financial Officer and Principal Accounting Officer
/s/ MICHAEL A. WEISS* ----- Michael A. Weiss	Director and Vice Chairman
/s/ BELLA WEXNER* ----- Bella Wexner	Director
/s/ MARTIN TRUST* ----- Martin Trust	Director
/s/ EUGENE M. FREEDMAN* ----- Eugene M. Freedman	Director

/s/ E. GORDON GEE* Director

E. Gordon Gee

/s/ THOMAS G. HOPKINS* Director

Thomas G. Hopkins

/s/ DAVID T. KOLLAT* Director

David T. Kollat

/s/ CLAUDINE MALONE* Director

Claudine Malone

/s/ DONALD B. SHACKELFORD* Director

Donald B. Shackelford

/s/ ALLAN R. TESSLER* Director

Allan R. Tessler

/s/ RAYMOND ZIMMERMAN* Director

Raymond Zimmerman

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

By /s/ KENNETH B. GILMAN

Kenneth B. Gilman
Attorney-in-fact

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

THE LIMITED, INC.

(exact name of registrant as specified in its charter)

FINANCIAL STATEMENT SCHEDULES

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of
The Limited, Inc.

We have audited the consolidated financial statements of The Limited, Inc. and Subsidiaries as of February 3, 1996 and January 28, 1995, and for each of the three fiscal years in the period ended February 3, 1996, which financial statements are included on pages 49 through 61 of the 1995 Annual Report to Shareholders of The Limited, Inc. and incorporated by reference herein. We have also audited the financial statement schedule for each of the three fiscal years in the period ended February 3, 1996, listed in Item 14(a)(2) of this Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Limited, Inc. and Subsidiaries as of February 3, 1996 and January 28, 1995, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended February 3, 1996 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule for each of the three fiscal years in the period ended February 3, 1996 referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Columbus, Ohio
February 26, 1996, except for paragraph 11
in Note 1 and Note 9, as to which the date is
March 18, 1996.

Schedule II

THE LIMITED, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEARS ENDED FEBRUARY 3, 1996,
JANUARY 28, 1995 AND JANUARY 29, 1994
(THOUSANDS)

	Balance at Beginning of Fiscal Year -----	Charged to Costs and Expenses -----	Deductions -----	Sale of WFNNB -----	Balance End of Fiscal Year -----
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS					
Fiscal year ended February 3, 1996	\$44,946 =====	91,424 =====	(90,134)(A) =====	(46,236)(B) =====	\$ - =====
Fiscal year ended January 28, 1995	\$34,897 =====	72,725 =====	(62,676)(A) =====	 =====	\$44,946 =====
Fiscal year ended January 29, 1994	\$24,973 =====	50,803 =====	(40,879)(A) =====	 =====	\$34,897 =====

(A) - Write-offs, net of recoveries

(B) - The Company sold a 60% interest in WFNNB in 1995; therefore, it is no longer a consolidated subsidiary of the Company. See Note 2 to the Consolidated Financial Statements for further information.

EXHIBIT INDEX

Exhibit No.	Document
-----	-----
4.8	Credit Agreement dated as of December 15, 1995 among the Company, Morgan Guaranty Trust Company of New York and the banks listed therein.
10.16	Supplemental schedule of officer who became party to an Indemnification Agreement effective March 7, 1996.
10.17	Supplemental schedule of officer who became party to an Indemnification Agreement effective February 1, 1996.
11	Statement re Computation of Per Share Earnings.
12	Statement re Computation of Ratio of Earnings to Fixed Charges.
13	Excerpts from the 1995 Annual Report to Shareholders including "Financial Summary", "Management's Discussion and Analysis" and "Financial Statements and Notes" on pages 40 - 61.
21	Subsidiaries of the Registrant.
23	Consent of Independent Accountants.
24	Powers of Attorney.
27	Financial Data Schedule.
99	Annual Report of The Limited, Inc. Savings and Retirement Plan.

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1. Credit Agreement
2. Assistant Secretary's Certificate
3. Certificate of Good Standing
4. Certificate of Incorporation and Amendments thereto
5. Officer's Certificate
6. Opinion of Samuel P. Fried, Esq.
7. Opinion of Davis Polk & Wardwell
8. Opinion of Cravath, Swaine & Moore

CREDIT AGREEMENT
AMONG
THE LIMITED, INC.,
THE BANKS LISTED ON THE SIGNATURE PAGES OF THIS AGREEMENT,
MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as AGENT,

CITIBANK, N.A.
and
DEUTSCHE BANK AG, NEW YORK BRANCH
as MANAGING AGENTS

AND

CHEMICAL BANK,
THE FIRST NATIONAL BANK OF CHICAGO,
THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.,
and
NATIONS BANK, N.A.
as CO-AGENTS

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EXHIBIT E	Opinion of Counsel for the Company
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EXHIBIT G	Assignment and Assumption Agreement
EXHIBIT H	Form of Notice of Request to Extend

CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of December 15, 1995 among THE LIMITED, INC., a Delaware corporation, the BANKS listed on the signature pages of this Agreement and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent for the Banks hereunder (in such capacity, the "Agent"). The parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I

DEFINITIONS

1.1. Capitalized Terms. For the purpose of this Agreement, the

following capitalized terms shall have the following meanings:

"Absolute Rate Auction" means a solicitation of Quotes setting forth Money Market Absolute Rates pursuant to Section 2.3.

"Adequate Company Rating" means, at any time at which the Company Does not have either a Highest Company Rating or a High Company Rating, either (a) there exists a Company Rating by Standard & Poor's which is equal to or higher than BBB- but less than BBB+ or (b) there exists a Company Rating by Moody's which is equal to or higher than Baa3 but less than Baal. For purposes of this definition, the Company shall be deemed not to have an Adequate Company Rating if no Company Rating exists or if each Company Rating which would otherwise qualify as an Adequate Company Rating has been stated by the relevant rating agency to be under review for possible downgrading as a result of a specific or proposed action by the Company.

"Adjusted CD Base Rate" has the meaning set forth in Section 2.7.2(b).

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Agent and submitted to the Agent (with a copy to the Company) duly completed by such Bank.

"Agent" has the meaning set forth in the preamble.

"Agreement" means this Credit Agreement as the same may hereafter be amended from time to time.

"Assessment Rate" has the meaning set forth in Section 2.7.2(b).

"Banks" means the (a) banks listed on the signature pages of this Agreement, (b) any additional banks which become Banks hereunder pursuant to Section 2.9.3 and (c) their respective successors and assigns; "Bank" means any one of them.

"Base Rate" means, for any day, a rate per annum equal to the higher of (a) the Prime Rate for such day and (b) the sum of 1/2 of 1% plus the Federal Funds Rate for such day.

"Base Rate Loan" means a loan to be made by a Bank pursuant to Section 2.1 as a Base Rate Loan in accordance with the applicable Notice of Syndicated Borrowing or pursuant to Section 2.25, 2.16 or 2.18.

"Borrowing" has the meaning set forth in Section 1.3.

"Capital" means, at any time of determination, the sum of Consolidated Debt plus Consolidated Tangible Net Worth.

"CD Base Rate" has the meaning set forth in Section 2.7.2(b).

"CD Loan" means any loan to be made by a Bank pursuant to Section 2.1 as a CD Loan in accordance with the applicable Notice of Syndicated Borrowing.

"CD Margin" means (i) during any period that the Company has a Highest Company Rating, .30 of 1% per annum, (ii) during any period that the Company has or is deemed to have a High Company Rating, .375 of 1% per annum, (iii) during any period that the Company has or is deemed to have an Adequate Company Rating, .475 of 1% per annum, and (iv) during any period that the Company has or is deemed to have neither a Highest Company Rating nor a High Company Rating nor an Adequate Company Rating, .625 of 1% per annum; provided, that from the Effective

Date until such time that the Company Rating ceases to be under the review by Standard & Poor's or Moody's ongoing as of the Effective

Date, the CD Margin shall be deemed to be .475 of 1% per annum.

"CD Rate" has the meaning set forth in Section 2.7.2(b).

"CD Reference Banks" means Morgan Guaranty Trust Company of New York, Deutsche Bank AG, New York and/or Cayman Islands Branches, and National City Bank Columbus and each such other bank as may be appointed pursuant to Section 8.6.6.

"Certificate Bank" has the meaning set forth in Section 2.9.3(a).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Commitment" means (a) with respect to each Bank listed on the signature pages of this Agreement, the amount set forth opposite the name of such Bank on the signature pages as its Commitment, or (b) for any additional Bank, the amount which such additional Bank shall commit to lend the Company as its Commitment pursuant to Section 2.9.3(b), in each case as such Commitment may be reduced by the Company from time to time pursuant to Section 2.9.1 or changed pursuant to Section 8.6.3.

"Company" means The Limited, Inc., a Delaware corporation, and its successors.

"Company Rating" means, at any time, a then current rating, whether preliminary or final, published (or confirmed in writing to the Agent) by Standard & Poor's or Moody's, relating to unsecured long-term senior Debt of the Company which is then outstanding or with respect to which the Company has a registration statement on file with the Securities and Exchange Commission.

"Consolidated Current Assets" means all assets of the Company and Consolidated Subsidiaries of a type which would be classified as current assets of a corporation conducting a business the same as or similar to that of the Company or Consolidated Subsidiaries, determined on a consolidated basis.

"Consolidated Current Liabilities" means all liabilities of the Company and Consolidated Subsidiaries of

a type which would be classified as current liabilities of a corporation conducting a business the same as or similar to that of the Company or Consolidated Subsidiaries, determined on a consolidated basis.

"Consolidated Debt" means, at any date of determination, the sum of (a) the total Debt of the Company and Consolidated Subsidiaries at such date, (b) an amount equal to six times the minimum rent commitments (less related sublease income) of the Company and Consolidated Subsidiaries for the then current Fiscal Year, as reflected in the footnotes to the most recent audited financial statements of the Company and (c) an amount equal to six times the minimum rent commitments (less related sublease income) of any Person other than the Company or a Consolidated Subsidiary to the extent directly or indirectly guaranteed, endorsed or assumed by the Company or any Consolidated Subsidiary or in respect of which the Company or any Consolidated Subsidiary is contingently or otherwise liable.

"Consolidated Subsidiary" means any Subsidiary (other than an Unrestricted Subsidiary), the accounts of which are or are required to be consolidated with those of the Company in the Company's periodic reports filed under the Securities Exchange Act of 1934.

"Consolidated Tangible Net Worth" means, at any date of determination (a) the aggregate amount of all common stock, preferred stock (except preferred stock having sinking fund payments or other similar payments (but not dividends) which are due prior to the Termination Date), additional paid-in capital and retained earnings (or deficit) less (b) the aggregate amount of (i) all goodwill, licenses, patents, trademarks, copyrights, trade names, service marks, experimental or organizational expenses and other similar intangibles and unamortized debt discount and expense to the extent any of the foregoing arise on or after January 31, 1988 and (ii) all investments, loans and advances by the Company or any Consolidated Subsidiary in or to any Unrestricted Subsidiary, all determined with respect to the Company and its Consolidated Subsidiaries on a consolidated basis.

"Debt" means, at any date, without duplication, (a) all obligations of the Company and Consolidated Subsidiaries for borrowed money, (b) all obligations of the Company and Consolidated Subsidiaries evidenced by bonds,

debentures, notes or other similar instruments, (c) all obligations of the Company and Consolidated Subsidiaries to pay the deferred purchase price of property (other than inventory) or services, except accruals and trade accounts payable arising in the ordinary course of business, (d) all obligations of the Company and Consolidated Subsidiaries as lessee under capital leases, (e) all obligations of others of the kind described in subparagraphs (a), (b), (c) or (d) hereof secured by a Lien on any asset of the Company or any Consolidated Subsidiary, whether or not such obligation is assumed by the Company or any Consolidated Subsidiary, and (f) all obligations of others of the kind described in subparagraphs (a), (b), (c) or (d) hereof to the extent directly or indirectly guaranteed, endorsed or assumed by the Company or any Consolidated Subsidiary or in respect of which the Company or any Consolidated Subsidiary is contingently or otherwise liable, including, without limitation, any such obligation in effect guaranteed through any agreement, contingent or otherwise, to purchase such obligation, or to advance or supply funds for the payment or purchase of such obligation, or to purchase property or services, or to pay for property or services irrespective of whether or not such property is delivered or such services are rendered, primarily for the purpose of enabling the debtor or seller to make payment of such obligation, or to assure the owner of such obligation against loss, or to supply funds to or in any other manner invest in the debtor for any of such purposes; provided that Debt shall not include any obligations of the Company to a Consolidated Subsidiary or of a Consolidated Subsidiary to the Company or another Consolidated Subsidiary.

"Default" means any condition or event which constitutes an Event of Default or which would become Event of Default with the giving of notice or lapse of time or both (unless cured or waived).

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized by law to close.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified therein as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Company and the Agent.

"Domestic Loans" means CD Loans or Base Rate Loans or both.

"Domestic Reserve Percentage" has the meaning set forth in Section 2.7.2(b).

"Effective Date" means the date this Agreement becomes effective in accordance with Section 9.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company, are treated as a single employer under Section 414 of the Code.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified therein as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Company and the Agent.

"Euro-Dollar Loan" means a loan to be made by a Bank pursuant to Section 2.1 as a Euro-Dollar Loan in accordance with the applicable Notice of Syndicated Borrowing.

"Euro-Dollar Margin" means (i) during any period that the Company has a Highest Company Rating, .175 of 1% per annum, (ii) during any period that the Company has or is deemed to have a High Company Rating, .25 of 1% per annum, (iii) during any period that the Company has or is deemed to have an Adequate Company Rating, .35 of 1% per annum, and (iv) during any period that the Company has or is deemed to have neither a Highest Company Rating nor a High Company Rating nor an Adequate Company Rating, .50 of 1% per annum; provided, that from the Effective Date until such time that the Company Rating ceases to be under the review by Standard & Poor's or Moody's ongoing as of the Effective

Date, the Euro-Dollar Margin shall be deemed to be .35 of 1% per annum.

"Euro-Dollar Reference Banks" means the principal London offices of Morgan Guaranty Trust Company of New York, Deutsche Bank AG, New York and/or Cayman Islands Branches, and National City Bank, Columbus and each such other bank as may be appointed pursuant to Section 8.6.6.

"Euro-Dollar Reserve Percentage" has the meaning set forth in Section 2.7.4(c).

"Event of Default" means any of the events specified in Section 6.1., provided that all requirements for the giving of notice and for the lapse of ----- time have been satisfied in connection with such event.

"Existing Credit Agreement" means the Credit Agreement dated as of August 30, 1990, as amended, among the Company, the banks listed therein and Morgan Guaranty Trust Company of New York, as agent for such banks.

"Extension Date" has the meaning set forth in Section 2.1.3.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Morgan Guaranty Trust Company of New York on such day on such transactions as determined by the Agent.

"Fiscal Year" means the fiscal year of the Company which shall commence on the Sunday following the Saturday on or nearest (whether following or preceding) January 31 of one calendar year and end on the Saturday on or nearest (whether following or preceding) January 31 of the following calendar year.

"Fixed Rate Loans" means CD Loans, Euro-Dollar Loans or Money Market Loans (excluding Money Market LIBOR Loans bearing interest at the Prime Rate pursuant to Section 2.15) or any combination of the foregoing.

"High Company Rating" means at any time at which the Company does not have a Highest Company Rating, either (a) there exists a Company Rating by Standard & Poor's which is equal to BBB+ or (b) there exists a Company Rating by Moody's which is equal to Baa1. For purposes of this definition, the Company shall be deemed not to have a High Company Rating (x) if each Company Rating which would otherwise qualify as a High Company Rating has been stated by the relevant rating agency to be under review for possible downgrading as a result of a specific or proposed action by the Company, in which case the Company shall be deemed to have an Adequate Company Rating, or (y) if no Company Rating exists.

"Highest Company Rating" means at any time, either (a) there exists a Company Rating by Standard & Poor's which is equal to or higher than A- or (b) there exists a Company Rating by Moody's which is equal to or higher than A3. For purposes of this definition, the Company shall be deemed not to have a Highest Company Rating (x) if each Company Rating which would otherwise qualify as a Highest Company Rating has been stated by the relevant rating agency to be under review for possible downgrading as a result of a specific or proposed action by the Company, in which case the Company shall be deemed to have a High Company Rating, or (y) if no Company Rating exists.

"Interest Period" means the period, commencing on the date of each Borrowing, for which such Borrowing is to be made, as the Company may elect in the applicable Notice of Borrowing, as the same may be extended or shortened pursuant to Section 2.6.

"Invitation for Quotes" means an invitation substantially in the form of Exhibit C sent by the Agent to the Banks pursuant to Section 2.3.3.

"Lending Office" means, as to any Bank, its Domestic Lending Office or its Euro-Dollar Lending Office or its Money Market Lending Office, as the context may require.

"LIBOR Auction" means a solicitation of Quotes for Money Market LIBOR Loans pursuant to Section 2.3.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

"Loans" means Syndicated Loans or Money Market Loans or any combination of the foregoing; "Loan" means any one of such Loans.

"London Interbank Offered Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16th of 1%) of the respective rates per annum at which deposits in dollars are offered to each of the Euro-Dollar Reference Banks in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of the applicable Interest Period for a period of time comparable to such Interest Period and in an amount approximately equal to (a) in connection with a related Euro-Dollar Borrowing, the principal amount of such Euro-Dollar Reference Bank's portion of the related Euro-Dollar Borrowing or (b) in connection with a related Money Market LIBOR Borrowing, the principal amount of the related Money Market LIBOR Borrowing.

"Margin Stock" means securities which are "margin stock" as defined in Regulation U.

"Material Plan" has the meaning set forth in Section 6.1.6.

"Minority Interest Disposition" means a sale, transfer or other distribution by the Company or any of the Subsidiaries (including without limitation, the issuer thereof) of up to 20% of the equity interests in any Subsidiary of the Company.

"Money Market Absolute Rate" means the rate of interest per annum (rounded to the nearest 1/10,000th of 1%) for any Money Market Absolute Rate Loan.

"Money Market Absolute Rate Loan" means a loan to be made by a Bank pursuant to an Absolute Rate Auction.

"Money Market Lending Office" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Money Market Lending Office by notice to the Company and the Agent.

"Money Market LIBOR Loan" means a loan to be made by a Bank pursuant to a LIBOR Auction (including such a Loan bearing interest at the Prime Rate pursuant to Section 2.15).

"Money Market Loan" means a Money Market LIBOR Loan or a Money Market Absolute Rate Loan.

"Money Market Margin" means, in respect of any Money Market LIBOR Loan, the margin above or below the applicable London Interbank offered Rate, expressed as a percentage (rounded to the nearest 1/10,000th of 1%).

"Moody's" means Moody's Investors Service, Inc.

"Notes" means promissory notes of the Company, substantially in the form of Exhibit A; "Note" means any one of such Notes.

"Notice of Borrowing" means a Notice of Syndicated Borrowing or a Notice of Money Market Borrowing.

"Notice of Money Market Borrowing" has the meaning set forth in Section 2.3.6.

"Notice of Syndicated Borrowing" has the meaning set forth in Section 2.2.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means any individual, corporation, partnership, association, trust, limited liability company or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means, at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to funding standards under Section 412 of the Code and (a) is maintained by a member of the ERISA Group for employees of a member of the ERISA Group, (b) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group, or (c) is maintained pursuant to a collective bargaining agreement or

any other arrangement under which more than one employer makes contributions and to which a member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Prime Rate" means the rate of interest publicly announced by Morgan Guaranty Trust Company of New York in New York City from time to time as its Prime Rate.

"Quote" means an offer by a Bank to make a Money Market Loan in accordance with Section 2.3.

"Quote Request" means a request substantially in the form of Exhibit B from the Company to the Banks to provide Quotes pursuant to Section 2.3.

"Reference Banks" means the CD Reference Banks or the Euro-Dollar Reference Banks, as the context may require; "Reference Bank" means any one of such Reference Banks.

"Refunding Borrowing" means a Borrowing which, after application of the proceeds thereof, results in no net increase in the aggregate outstanding principal amount of the Syndicated Loans made by any Bank.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Banks" means, at any time of determination, Banks having at least 60% of the aggregate amount of the Commitments or, if all of the Commitments shall have been terminated, holding Notes evidencing at least 60% of the aggregate unpaid principal amount of the Loans.

"Second Extension Date" has the meaning set forth in Section 2.1.3.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc.

"Subsidiary" means any corporation or other entity of which outstanding stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation

shall have or might have voting power by reason of the happening of any contingency and irrespective of any contractual limitation of the right or power of the holder of such stock to vote for directors) is at the time directly or indirectly owned by the Company or by one or more Subsidiaries, or by the Company and one or more Subsidiaries together.

"Syndicated Loan" means a Domestic Loan or a Euro-Dollar Loan made by a Bank pursuant to Section 2.1.

"Termination Date" means the date determined pursuant to Section 2.1.3 (or if such day is not a Euro-Dollar Business Day, the next preceding Euro-Dollar Business Day).

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (a) the present value of all benefits under such Plan exceeds (b) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only (i) to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA, or (ii) with respect to a Plan which is a Multiemployer Plan as described in Section 4001(a)(3) of ERISA, to the extent of the Unfunded Liabilities of such Plan allocable to any member of the ERISA Group under Section 4211 of ERISA.

"Unrestricted Subsidiary" means any Subsidiary designated as an Unrestricted Subsidiary in a written notice sent at any time after the date of this Agreement by the Company to the Agent which is engaged (a) primarily in the business of making or discounting loans, making advances, extending credit or providing financial accommodation to, or purchasing the obligations of, other; (b) primarily in the business of insuring property against loss and subject to regulation as an insurance company by any governmental agency; (c) exclusively in the business of owning or leasing, and operating, aircraft and/or trucks; (d) primarily in the ownership, management, leasing or operation of real estate, other than parcels of real estate with respect to which 51% or more of the rentable space is used by the Company or a Consolidated Subsidiary in the normal course of business; or (e) primarily as a carrier transporting goods in both intrastate and interstate commerce, provided that (i) the Company may by notice

to the

Agent change the designation of any Subsidiary described in subparagraphs (a) through (e) above, but may do so only once during the term of this Agreement, (ii) the designation of a Subsidiary as an Unrestricted Subsidiary more than 30 days after the creation or acquisition of such Subsidiary where such Subsidiary was not specifically so designated within such 30 days shall be deemed to be the only permitted change in designation, and (iii) immediately after the Company designates any Subsidiary whether now owned or hereafter acquired or created as an Unrestricted Subsidiary or changes the designation of a Subsidiary from an Unrestricted Subsidiary to a Consolidated Subsidiary, the Company and all Consolidated Subsidiaries would be in compliance with all of the provisions of this Agreement.

"Unused Commitment" means, at any date of determination, the excess of (a) the then aggregate amount of the Commitments under this Agreement over (b) the sum of the principal amount of all Loans then outstanding plus the principal amount of commercial paper issued by the Company and outstanding on the date of determination.

"Value" means, when used in Section 6.1.5 with respect to investments in and advances to a Consolidated Subsidiary, the book value thereof immediately before the relevant event or events referred to in Section 6.1.5 occurred with respect to such Consolidated Subsidiary.

"WFN" means World Financial Network National Bank, a national banking association, and its successors.

"WFN Companies" means WFN and its Subsidiaries.

"WFN Companies' Tangible Assets" means all assets of the WFN Companies, determined on a consolidated basis, except (i) all goodwill, licenses, patents, trademarks, copyrights, trade names, service marks, experimental or organizational expenses and other similar intangibles and unamortized debt discount and expense and (ii) all investments, loans and advances in or to any Unrestricted Subsidiary.

"WFN Credit Agreement" means the Credit Agreement dated as of December 4, 1992, as amended, among WFN, the Company, the banks listed therein and Morgan Guaranty Trust Company of New York, as agent for such banks.

"WFN Transactions" means (i) the sale by WFN of all or substantially all of its receivables pursuant to a receivables securitization program and (ii) the sale of the operations of WFN to a joint venture to be owned, directly or indirectly, approximately 60% by Welsh, Carson, Anderson & Stowe and 40% by the Company.

1.2. Accounting Terms and Determinations. Unless otherwise specified

 herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Company's independent public accountants) with the most recent audited consolidated financial statements of the Company and its Consolidated Subsidiaries delivered to the Banks; provided

 that, if the Company notifies the Agent that the Company, wishes to amend any covenant in Section 5 to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Agent notifies the Company that the Required Banks wish to amend Section 5 for such purpose), then the Company's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Banks.

1.3. Types of Borrowings. The term "Borrowing" denotes the

 aggregation of Loans of one or more Banks to be made to the Company pursuant to Section 2 on a single date and for a single Interest Period. Borrowings are classified for purposes of this Agreement either by reference to the pricing of Loans comprising such Borrowing (e.g., a "Euro-Dollar Borrowing" is a Borrowing

 comprised of Euro-Dollar Loans) or by reference to the provisions of Section 2 under which participation in such Borrowing is determined (e.g., a "Syndicated

 Borrowing" is a Borrowing under Section 2.1 in which all Banks participate in proportion to their Commitments, while a "Money Market Borrowing" is a Borrowing under Section 2.3 in which the Bank participants are determined by an auction process in accordance with such provisions).

SECTION 2

BORROWINGS

2.1. Commitments to Make Syndicated Loans.

2.1.1. During the period from and including the Effective Date to but excluding the Termination Date, each Bank severally agrees, on the terms and conditions set forth in this Agreement, to make one or more Syndicated Loans to the Company from time to time; provided that (a) the aggregate principal amount

of Syndicated Loans by such Bank at any one time outstanding shall not exceed the amount of such Bank's Commitment and (b) immediately after each Syndicated Borrowing (and any concurrent repayment of Loans) the aggregate outstanding principal amount of all Loans shall not exceed the aggregate amount of the Commitments. Within the foregoing limits, the Company may borrow under this Section 2.1.1., repay or, to the extent permitted by Section 2.10, prepay Loans in whole or in part and reborrow, on a revolving basis, at any time prior to the Termination Date.

2.1.2. Each Syndicated Borrowing shall be in an aggregate principal amount of \$20,000,000 or any larger multiple of \$1,000,000 (except that any such Borrowing may be in the aggregate amount available in accordance with Section 3.2(c)) and shall be made from the several Banks ratably in proportion to their respective Commitments. Amounts required to be repaid pursuant to Section 2.16 shall not be reborrowed except as provided therein.

2.1.3. For the purposes of this Agreement, the "Termination Date" shall be December 14, 2000; provided, however, that on December 14, 1997 (the

"Extension Date"), the Termination Date may be extended an additional two years (i.e., from December 14, 2000 to December 14, 2002) if at least 60 days before

the Extension Date, the Company has given written notice to the Agent requesting the extension of the Termination Date, unless at least 30 days before the Extension Date, the Agent (after having delivered a notice substantially in the form of Exhibit H hereto to each Bank (which notice shall be effective upon delivery to the Agent of written confirmation (including by bank wire, telex, telecopy or similar writing) of receipt by such Bank) and received a written request from any Bank that the Termination Date not be extended) delivers written notice to the Company that the Termination Date is not to be so

extended; provided further, however, that if the Termination Date has been extended to December 14, 2002 pursuant to the foregoing proviso, on December 14, 1999 (the "Second Extension Date"), the Termination Date as so extended may be extended an additional two years (i.e., from December 14, 2002 to December 14,

 2004) if at least 60 days before the Second Extension Date, the Company has given written notice to the Agent requesting the extension of the Termination Date, unless at least 30 days before the Second Extension Date, the Agent (after having delivered a notice substantially in the form of Exhibit H hereto to each Bank (which notice shall be effective upon delivery to the Agent of written confirmation (including by bank wire, telex, telecopy or similar writing) of receipt by such Bank) and received a written request from any Bank that the Termination Date not be extended) delivers written notice to the Company that the Termination Date is not to be so extended. The Company shall have the right, within any such thirty-day period, to replace any Bank which has requested that the Termination Date not be extended in the same manner as the Company may replace a Certificate Bank pursuant to Section 2.9.3, and in the event the Company so replaces each Bank making such request, the Termination Date shall then be extended as provided in the preceding sentence. Upon receipt of any notice from the Company pursuant to this Section 2.1.3, the Agent shall notify each Bank thereof within three Domestic Business Days.

2.2. Notice of Syndicated Borrowings. The Company shall give the

 Agent notice (a "Notice of Syndicated Borrowing") not later than 10:00 A.M. (New York City time) on (a) the date of each Base Rate Borrowing, (b) the Domestic Business Day before the date of each CD Borrowing and (c) the third Euro-Dollar Business Day before the date of each Euro-Dollar Borrowing, specifying:

2.2.1. The date of such Borrowing, which shall be a Domestic Business Day in the case of a Domestic Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing;

2.2.2. The aggregate amount of such Borrowing;

2.2.3. Whether the Loans comprising such Borrowing are to be CD Loans, Base Rate Loans or Euro-Dollar Loans; and

2.2.4. The duration of the Interest Period applicable to such Borrowing, which, subject to Section 2.6, (a) with respect to any Base Borrowing, shall be for a period commencing on the date of such Borrowing and ending 30 days thereafter, (b) with respect to any CD Borrowing, shall be for a period commencing on the date of such Borrowing and ending 30, 60, 90 or 180 days thereafter (at the option of the Company) and (c) with respect to any Euro-Dollar Borrowing, shall be for a period commencing on the date of such Borrowing and ending one, two, three or six months thereafter (at the option of the Company); provided any such Interest Period for a Euro-Dollar Borrowing which

begins on the last Euro-Dollar Business Day of a calendar month, or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, shall end on the last Euro-Dollar Business Day of a calendar month.

2.3. Money Market Borrowings.

2.3.1. In addition to Syndicated Loans, if the Company has either a Highest Company Rating, a High Company Rating or an Adequate Company Rating on the date that the Company transmits to the Agent a Quote Request, the Company may, pursuant to the provisions of this Section 2.3, request the Banks to provide Quotes for Money Market Loans to the Company. The Banks may, but shall have no obligation to, provide such Quotes and the Company may, but shall have no obligation to, accept any such Quotes in the manner set forth in this Section 2.3.

2.3.2. When the Company wishes to request Quotes for Money Market Loans, the Company shall transmit to the Agent by telecopy a Quote Request substantially in the form of Exhibit B so as to be received no later than 10:00 A.M. (New York City time) on (a) the fifth Euro-Dollar Business Day prior to the proposed date of the Borrowing, in the case of a LIBOR Auction or (b) the Domestic Business Day next preceding the proposed date of the Borrowing, in the case of an Absolute Rate Auction, specifying:

(i) the proposed date of the Borrowing, which shall be a Euro-Dollar Business Day in the case of a LIBOR Auction or a Domestic Business Day in the case of an Absolute Rate Auction;

(ii) the aggregate amount of such Borrowing, which shall be \$20,000,000 or any larger multiple of \$1,000,000;

(iii) whether the Quotes requested are to set forth a Money Market Margin or a Money Market Absolute Rate; and

(iv) the duration of the Interest Period applicable thereto, which (y) in the case of a LIBOR Auction, shall (subject to Section 2.6) be for a period commencing on the date of such Borrowing and ending such whole number of months thereafter as the Company may elect in such Quote Request;

provided any such Interest Period which begins on the last Euro-Dollar

Business Day of a calendar month, or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, shall end on the last Euro-Dollar Business Day of a calendar month and (z) in the case of any Absolute Rate Auction, shall (subject to Section 2.6) be for the period commencing on the date of such Borrowing and ending such number of days thereafter (not less than 30 days) as the Company may elect in such Quote Request.

The Company may request Quotes for more than one Interest Period in a single Quote Request. The Company shall not make any Quote Request (except a Quote Request which is made within three Euro-Dollar Business Days after any Loan has been repaid pursuant to Section 2.15, 2.16 or 2.17) within three Euro-Dollar Business Days after any other Quote Request.

2.3.3. Promptly upon receipt of a Quote Request, the Agent shall send to the Banks by telex or telecopy an Invitation for Quotes substantially in the form of Exhibit C, which shall constitute an invitation by the Company to each Bank to submit Quotes in response to the related Quote Request.

2.3.4. (a) Each Bank may submit a Quote containing an offer or offers to make Money Market Loans in response to any Invitation for Quotes sent pursuant to Section 2.3.3. Each Quote must comply with the requirements of this Section 2.3.4 and must be submitted to the Agent by telex or telecopy or by telephone promptly confirmed by telex or telecopy so as to be received no later than (i) 2:00 P.M. (New York City time) on the fourth Euro-Dollar

Business Day prior to the proposed date of the Borrowing, in the case of a LIBOR Auction or (ii) 9:00 A.M. (New York City time) on the proposed date of the Borrowing, in the case of an Absolute Rate Auction; provided that Quotes

submitted by the Agent (or any affiliate of the Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Agent or such affiliate notifies the Company of the terms of the offer or offers contained therein not later than (y) 1:00 P.M. (New York City time) on the fourth Euro-Dollar Business Day prior to the proposed date of the Borrowing, in the case of a LIBOR Auction or (z) 8:45 A.M. (New York City time) on the proposed date of the Borrowing, in the case of an Absolute Rate Auction.

(b) Each Quote shall be in substantially the form of Exhibit D and shall in any case specify: (i) the proposed date of the Borrowing (as specified in the related Invitation for Quotes); (ii) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount (x) may be greater than or less than the Commitment of the quoting Bank, (y) must be \$1,000,000 or any larger multiple thereof and (z) may not exceed the principal amount of Money Market Loans specified in the related Invitation for Quotes; (iii) in the case of (A) a LIBOR Auction, the Money Market Margin offered for each such Money Market LIBOR Loan, and (B) an Absolute Rate Auction, the Money Market Absolute Rate offered for each such Money Market Absolute Rate Loan; and (iv) the identity of the quoting Bank. No Quote shall contain qualifying, conditional or similar language or propose terms other than, or in addition to, those set forth in the applicable Invitation for Quotes.

(c) The Agent shall disregard any Quote, and shall not communicate any Quote pursuant to Section 2.3.5, if the Quote does not meet the requirements of Section 2.3.4(b) or arrives after the time specified in Section 2.3.4(a). The Agent shall disregard any subsequent Quote received from any Bank unless such subsequent Quote is submitted solely to correct a manifest error in the original Quote.

(d) Subject to the provisions of Sections 3 and 6, any Quote made in accordance with the provisions of this Section 2.3.4 shall be irrevocable except with the written consent of the Agent given on the instructions of the Company.

2.3.5. The Agent shall notify the Company not later than (y) 4:00 P.M. (New York City time) on the fourth Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (z) 9:15 A.M. (New York City time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction of: (a) the aggregate principal amount of Money Market Loans for which Quotes have been timely received for each Interest Period specified in the related Quote Request and (b) the respective principal amounts and Money Market Margins or Money Market Absolute Rates, as the case may be, offered by each Bank for each Interest Period specified in the related Quote Request and the name of the Bank making each Quote.

2.3.6. Not later than 10:00 A.M. (New York City time) on (y) the third Euro-Dollar Business Day prior to the proposed date of the Borrowing, in the case of a LIBOR Auction or (z) the proposed date of the Borrowing, in the case of an Absolute Rate Auction, the Company shall give the Agent notice of acceptance or non-acceptance by the Company of the Quotes specified pursuant to Section 2.3.5. In the case of acceptance, the Company shall specify in such notice (a "Notice of Money Market Borrowing"), for each Interest Period, the aggregate principal amount of Quotes that are accepted, provided that:

(a) the aggregate principal amount of each Money Market Borrowing may not exceed the applicable amount set forth in the related Quote Request;

(b) the aggregate principal amount of each Money Market Borrowing must be \$20,000,000 or any larger multiple of \$1,000,000; and

(c) Quotes may only be accepted on the basis of ascending Money Market Margins or Money Market Absolute Rates, as the case may be.

2.3.7. If Quotes are made by two or more Banks with the same Money Market Margins or Money Market Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such Quotes are accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such Quotes are accepted shall be allocated by the Agent among such Banks as nearly as possible (in multiples of \$1,000,000, as the Agent may deem appropriate) in proportion to the principal amounts of such Quotes. Any such

allocations by the Agent shall be conclusive in the absence of manifest error.

2.4. Notice to Banks; Funding of Loans.

2.4.1. Upon receipt of a Notice of Borrowing, the Agent shall promptly notify (a) the Company of its receipt of such Notice of Borrowing, and (b) each Bank of the contents thereof and of such Bank's share (if any) of such Borrowing, and, subject to Section 2.15, any such Notice of Borrowing shall thereafter be irrevocable by the Company. In no event shall any Bank's obligation to participate ratably in any Syndicated Borrowing be discharged or modified by the fact that, on the date of such Syndicated Borrowing, one or more Money Market Loans made by such Bank are then outstanding.

2.4.2. No later than 12:00 Noon (New York City time) on the date of each Borrowing, each Bank participating therein shall (except as provided in Section 2.4.3) make available to the Agent its share of such Borrowing, in federal or other funds immediately available in New York City. Unless the Agent determines that any applicable condition specified in Section 3 has not been satisfied, the Agent shall transmit to the Company, or to its order, no later than 1:00 P.M. (New York City time) on the date of each Borrowing the proceeds so received from the Banks in federal or other funds immediately available in New York City.

2.4.3. If any Bank makes a new Loan on a day on which the Company is to repay all or any part of an outstanding Loan from such Bank, such Bank shall apply the proceeds of its new Loan to make such repayment and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be made available by such Bank to the Agent, as provided in Section 2.4.2, or remitted by the Company to the Agent, as provided in Section 2.11, as the case may be.

2.4.4. Unless the Agent shall have received notice from a Bank prior to 11:00 A.M. (New York City time) on the date of any Borrowing that such Bank will not make available to the Agent such Bank's share of such Borrowing, the Agent may assume that such Bank has made such share available to the Agent on the date of such Borrowing in accordance with Sections 2.4.2 and 2.4.3 and the Agent may, in reliance upon such assumption, make available to the

Company on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Agent, (a) such Bank shall be liable to the Company for its failure to make such share available, and (b) such Bank and the Company severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Company until the date such amount is repaid to the Agent, at the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan included in such Borrowing for purposes of this Agreement.

2.5. Notes.

2.5.1. The Loans of each Bank shall be evidenced by a single Note payable to the order of such Bank for the account of its Lending Office.

2.5.2. Each Bank may, by notice to the Company and the Agent (to be given at least two Domestic Business Days before the first Borrowing) request that its Loans of a particular type be evidenced by a separate Note. Each such Note shall be in substantially the form of Exhibit A, with appropriate modifications to reflect the fact that such Note evidences solely Loans of the relevant type. Thereafter, each reference in this Agreement to the "Note" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

2.5.3. Upon receipt of each Bank's Note pursuant to Section 9.1.5, the Agent shall deliver such Note to such Bank. Each Bank shall record, and prior to any transfer of any Note of such Bank shall endorse on the schedule forming a part of such Note, appropriate notations to evidence the date, amount and maturity of each Loan made by such Bank under such Note and the date and amount of each payment of principal made by the Company with respect thereto; provided that the failure of any Bank to make any such recordation or

endorsement shall not affect the obligations of the Company under this Agreement or the relevant Note. Each Bank is hereby irrevocably authorized by the Company to so endorse its Note and to attach to and make a part of any Note a continuation of any such schedule as and when required.

2.6. Maturity of Loans.

2.6.1. Each Loan shall mature, and the principal thereof shall be due and payable, on the last day of the Interest Period applicable to such Loan;

provided, however, that any Interest Period which would otherwise end after the

Termination Date shall end on the Termination Date.

2.6.2. Subject to Section 2.6.1, if any payments due under any of the Notes or under this Agreement shall be stated to be due (a) with respect to a Euro-Dollar Borrowing or Money Market LIBOR Borrowing, on a day other than a Euro-Dollar Business Day, then such payment shall be due and payable on (and the related Interest Period shall, if necessary, end on) the next succeeding Euro-Dollar Business Day; provided, however, in the event that the day on which such

payment in respect of a Euro-Dollar Borrowing or Money Market LIBOR Borrowing is due is not a Euro-Dollar Business Day but a day of the month after which no further Euro-Dollar Business Day occurs in such month, then the due date thereof shall be the next preceding Euro-Dollar Business Day, or (b) with respect to any other Borrowing or any other compensation or other amount hereunder, on a day other than a Euro-Dollar Business Day, then such payment shall be due and payable on (and the related Interest Period shall, if necessary, be extended to) the next succeeding Euro-Dollar Business Day. Any such extensions or reductions of time shall, in each case, be considered in computing interest in connection with any such payment of principal or interest.

2.7. Interest Rates.

2.7.1. Subject to the provisions of Section 2.9.3(e), each Base Rate Loan shall bear interest on the outstanding principal amount, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the applicable Base Rate for such day. Interest payable at the Base Rate for each Interest Period shall be paid by the Company on the last day of such Interest Period. The Agent shall give prompt notice to the Company of each change in the Base Rate and the effective date thereof.

2.7.2. (a) Subject to the provisions of Section 2.9.3(e), each CD Loan shall bear interest on the outstanding principal amount, for the Interest Period applicable thereto, at a rate per annum equal to the applicable CD Rate. Interest payable on any CD Loan shall

be paid by the Company on the last day of the Interest Period relating to such CD Loan, except when such Interest Period is longer than 90 days, in which case interest shall be paid on the 90th day of such Interest Period and on the last day thereof.

(b) As used herein, the "CD Rate" applicable to any CD Loan for any Interest Period means a rate per annum equal to the sum of the CD Margin plus the applicable Adjusted CD Base Rate.

The "Adjusted CD Base Rate" applicable to any Interest Period means a rate per annum determined pursuant to the following formula:

$$\begin{aligned} \text{ACDBR} &= \frac{[\text{CDBR}]^*}{[\text{-----}]} + \text{AR} \\ \text{ACDBR} &= \frac{[1.00 - \text{DRP}]}{\text{Adjusted CD Base Rate}} \\ \text{CDBR} &= \text{CD Base Rate} \\ \text{DRP} &= \text{Domestic Reserve Percentage} \\ \text{AR} &= \text{Assessment Rate} \end{aligned}$$

* The amount in brackets being rounded upwards, if necessary, to the next higher 1/100th of 1%.

The "CD Base Rate" applicable to any Interest Period is the rate of interest determined by the Agent to be the arithmetic average of the prevailing rates per annum bid at 10:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period by two or more New York certificate of deposit dealers of recognized standing for the purchase at face value from each CD Reference Bank of its certificates of deposit in an amount comparable to the principal amount of such CD Reference Bank's portion of the CD Borrowing to which such Interest Period applies and having a maturity comparable to such Interest Period. "Domestic Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in

New York City having a maturity comparable to the related Interest Period and in an amount of \$100,000 or more. The CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage. "Assessment Rate" means for any day the annual assessment rate in effect on such day which is payable by a member of the Bank Insurance Fund classified as adequately capitalized and within supervisory subgroup "A" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. Section 327.4(a) (or any successor provision) to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring time deposits at offices of such institution in the United States. The CD Rate shall be adjusted automatically on the effective date of any change in the Assessment Rate.

2.7.3. Subject to the provisions of Section 2.9.3(e), each Euro-Dollar Loan shall bear interest on the outstanding principal amount, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Euro-Dollar Margin plus the applicable London Interbank Offered Rate. Interest payable on any Euro-Dollar Loan shall be paid by the Company on the last day of the Interest Period relating to such Euro-Dollar Loan, except when such Interest Period is longer than three months, in which case interest shall be payable on the last day of the third month of such Interest Period and on the last day thereof.

2.7.4. (a) For so long as any Bank maintains reserves against "Euro currency liabilities" (or any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents), and as a result the cost to such Bank (or its Euro-Dollar Lending Office) of making or maintaining its Euro-Dollar Loans is increased, then such Bank may require the Company to pay, contemporaneously with each payment of interest on any Euro-Dollar Loan (but not on any Money Market LIBOR Loan or any Euro-Dollar Loan bearing interest determined on the basis of the Base Rate pursuant to Section 2.14.2(z)) of such Bank, additional interest on such Euro-Dollar Loan for the Interest Period of such Euro-Dollar Loan at a rate per annum up to but not exceeding the excess of (i)(A) the applicable London Interbank Offered Rate (or, if applicable, the base rate determined pursuant to Section 2.14.2(y)) divided by

(B) one minus the Euro-Dollar Reserve Percentage over (ii) the rate specified in the preceding clause (i)(A).

(b) Any Bank wishing to require payment of such additional interest (x) shall so notify the Company and the Agent, in which case such additional interest on the Euro-Dollar Loans of such Bank shall be payable to such Bank at the place indicated in such notice with respect to each Interest Period commencing at least three Euro-Dollar Business Days after the giving of such notice and (y) shall furnish to the Company at least five Euro-Dollar Business Days prior to each date on which interest is payable on the Euro-Dollar Loans an officer's certificate setting forth the amount to which such Bank is then entitled under this Section (which shall be consistent with such Bank's good faith estimate of the level at which the related reserves are maintained by it). Each such certificate shall be accompanied by such information as the Company may reasonably request as to the computation set forth therein.

(c) As used herein, "Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents).

2.7.5. Subject to Sections 2.15 and 2.9.3(e), each Money Market LIBOR Loan shall bear interest on the outstanding principal amount, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the London Interbank Offered Rate plus (or minus) the Money Market Margin quoted by the Bank making such Loan in accordance with Section 2.3. Subject to Section 2.9.3(e), each Money Market Absolute Rate Loan shall bear interest on the outstanding principal amount, for the Interest Period applicable thereto, at a rate per annum equal to the Money Market Absolute Rate quoted by the Bank making such Loan in accordance with Section 2.3. Interest payable on any Money Market Loan shall be paid by the Company on the last day of the Interest Period relating to such Money Market Loan,

except when such Interest Period is longer than three months, in which case interest shall be paid at intervals of three months after the first day of such Interest Period and on the last day thereof.

2.7.6. Pursuant to the foregoing provisions of this Section 2.7, the Agent shall calculate each interest rate applicable to each of the Loans made under this Agreement. The Agent shall give prompt notice to the Company by telecopy and to the participating Banks by telex or telecopy of each interest rate so determined, and its determination thereof shall be conclusive in the absence of manifest error.

2.7.7. Each Reference Bank agrees to use its best efforts to furnish quotations to the Agent as contemplated by this Section 2.7. If any Reference Bank does not furnish a timely quotation, the Agent shall calculate the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Banks or, if none of such quotations is available on a timely basis, the provisions of Section 2.15 shall apply.

2.8. Facility Fees. (a) The Company shall pay a facility fee to the -----
Agent, for the accounts of the Banks ratably in proportion to their Commitments, in an amount determined pursuant to Section 2.8(b). Such facility fee shall be calculated for each day, shall accrue from and including the Effective Date to but excluding the day on which no Bank has any Commitment hereunder and on which no amount payable under any Note remains unpaid, and shall be payable quarterly in arrears on each March 31, June 30, September 30 and December 31 prior to the Termination Date and on the Termination Date (or on demand, if payable for any day on or after the Termination Date) upon receipt of a statement from the Agent calculating the amount thereof.

(b) The facility fee payable pursuant to Section 2.8(a) shall be calculated on the aggregate amount of the Commitments, regardless of usage, or if the Commitments have terminated but any Syndicated Loan remains unpaid, on the aggregate principal amount of Syndicated Loans outstanding (i) for each day when the Company has a Highest Company Rating, at the rate of .10 of 1% per annum, (ii) for each day when the Company has or is deemed to have a High Company Rating, at the rate of .125 of 2% per annum, (iii) for each day when the Company has or is deemed to have an Adequate Company Rating, at the rate of .15 of 1% per

annum, and (iv) for each day when the Company has or is deemed to have neither a Highest Company Rating nor a High Company Rating nor an Adequate Company Rating, at the rate of .25 of 1% per annum; provided, that from the Effective Date until

such time that the Company Rating ceases to be under the review by Standard & Poor's or Moody's ongoing as of the Effective Date, the facility fee shall be calculated at the rate of .15 of 1% per annum.

2.9. Termination or Reduction of Commitments; Replacement of a

Certificate Bank.

2.9.1. The Company may, upon at least three Domestic Business Days' notice to the Agent, (a) terminate the Commitments at any time, if no Loans are outstanding at such time, or (b) ratably reduce from time to time by an aggregate amount of \$25,000,000 or any larger multiple of \$1,000,000, the aggregate amount of the Commitments in excess of the aggregate outstanding principal amount of the Loans. If the Commitments are terminated in their entirety, all fees accrued under Section 2.8 shall be payable on the effective date of such termination. Upon receipt of any notice pursuant to this Section 2.9.1, the Agent shall promptly notify each Bank of the contents thereof.

2.9.2. The Commitments shall terminate on the Termination Date and any Loans then outstanding (together with accrued interest thereon) shall be due and payable on such date.

2.9.3. (a) Notwithstanding any other provisions of this Agreement or the Notes, the Company, at any time after any Bank has delivered a notice or certificate pursuant to Section 2.7.4(b), 2.16 or 2.17.3 (in any case, a "Certificate Bank"), shall have the right to replace the Certificate Bank in accordance with this Section 2.9.3.

(b) The Company, in exercising its right to replace the Certificate Bank, shall (i) reduce the Commitment of such Bank to zero and (ii) (A) agree with one or more Banks to increase the respective Commitment of such Bank by an aggregate amount not in excess of the Commitment of the Certificate Bank, in full substitution of the Certificate Bank, or (B) add one or more additional banks as signatories to this Agreement for Commitments not in excess of the Commitment of the Certificate Bank, in full substitution of the Certificate Bank, or (C) any combination

of increases in Commitments pursuant to (A) above and additional new banks pursuant to (B) above, so long as the aggregate sum of the increases in Commitments plus the additional Commitments of the additional banks equals the Commitment of the Certificate Bank and such increases in Commitments and additional Commitments shall become effective concurrently with the reduction of the Commitment of the Certificate Bank. Any new bank becoming a signatory to this Agreement shall, without further action, be considered a Bank for all purposes of this Agreement at the time of execution of a counterpart of this Agreement.

(c) The Company shall have the right to select any additional bank or banks to become signatories to this Agreement pursuant to Section 2.9.3(b) above, subject to the consent of the Agent, which consent shall not be unreasonably withheld.

(d) A Certificate Bank may be replaced within 30 days after the date such Certificate Bank has delivered a certificate or notice pursuant to Section 2.7.4(b), 2.16 or 2.17.3 or at any time thereafter during the period that such Certificate Bank is accruing charges pursuant to Section 2.7.4, 2.16 or 2.1.7, provided that notice of such replacement is given by the Company to the Agent
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and such Certificate Bank at least three Domestic Business Days prior to such replacement and the Company complies with the provisions of Section 2.12.

(e) Each Bank or additional bank which replaces a Certificate Bank pursuant to this Section 2.9.3 shall acquire all (or if more than one Bank or bank is replacing a Certificate Bank pursuant to this Section 2.9.3, all of such Banks or banks shall in the aggregate severally acquire all) of the then outstanding loans of the Certificate Bank under such terms with respect to the amounts to be paid as interest thereon as may be agreed to by the Company, such Certificate Bank and such Bank(s) or bank(s). The Company shall promptly give notice of such terms to the Agent so that the Agent may send notices to the Company and distribute payments of interest to the Banks in accordance therewith.

(f) After a Certificate Bank is replaced pursuant to this Section 2.9.3, it shall have no further rights or obligations hereunder (and shall no longer be a "Bank" for purposes hereof), provided that a replaced Certificate
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Bank shall retain its rights and obligations as

a Bank hereunder with respect to the period before it was so replaced (except to the extent that it shall have assigned or otherwise transferred such rights to another Bank or additional bank).

2.10. Optional Prepayments.

2.10.1. The Company shall have the right to make prepayments at any time of the principal amount of any Syndicated Borrowing and any Money Market Borrowing bearing interest at the Prime Rate pursuant to Section 2.15, provided

(a) notice of such prepayment is given by the Company to the Agent not later than 3:00 P.M. (New York City time) on the Domestic Business Day before the date of such prepayment, (b) the date of such prepayment is a Euro-Dollar Business Day or, in the case of a CD Borrowing or Base Rate Borrowing, a Domestic Business Day and (c) each prepayment is in an amount of \$20,000,000 or a larger multiple of \$1,000,000 (unless the then outstanding balance of such Borrowing is to be prepaid in full, in which event the prepayment may be in the amount of such Borrowing). Each such prepayment shall be applied to prepay ratably the Loans of the several Banks included in the Borrowing being prepaid. Any such prepayment shall be made without premium or penalty but together with interest accrued, if any, on the amount prepaid to the date of prepayment provided, however, that upon prepayment of any Fixed Rate Borrowing (except a Money Market Borrowing bearing interest at the Prime Rate pursuant to Section 2.15), other than at the end of the Interest Period applicable thereto, the Company will pay such amount or amounts, if any, as are required to be paid pursuant to Section 2.12.

2.10.2. The Company may not prepay all or any portion of the principal amount of any Money Market Loan (except a Money Market Loan bearing interest at the Prime Rate) prior to the maturity thereof.

2.10.3. Upon receipt of any prepayment pursuant to this Section 2.10, the Agent shall promptly notify each Bank thereof and of such Bank's ratable share (if any) of such prepayment.

2.11. General Provisions as to Payments.

2.11.1. The Company shall make each payment of principal of and interest on the Loans and of additional compensation hereunder, on the date when due, in federal or

other funds immediately available in New York City, to the Agent, and the Company agrees to instruct its bank which will be transmitting such funds with respect to such payments not later than 10:00 A.M. (New York City time) on the date when due. The Agent will promptly distribute to each Bank its ratable share (if any) of each such payment received by the Agent for the account of the Banks. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

2.11.2. Any Bank may from time to time, by notice to the Company and the Agent, designate (a) separate Domestic Lending Offices for its Base Rate Loans, on the one hand, and its CD Loans, on the other hand or (b) separate Money Market Lending Offices for its Money Market LIBOR Loans, on the one hand, and its Money Market Absolute Rate Loans, on the other hand; in any such case all references in this Agreement to the Domestic Lending Office or Money Market Lending Office of such Bank shall be deemed to refer to either or both of such designated offices, as the context may require.

2.11.3. Unless the Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Agent may assume that the Company has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Company shall not have so made such payment, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate.

2.12. Funding Losses. If the Company (a) makes any payment of

principal (except a payment required by Section 2.16) with respect to any Fixed Rate Loan (except a Money Market Loan bearing interest at the Prime Rate pursuant to Section 2.15) on any day other than (i) the last day of the Interest Period applicable to such Fixed Rate Loan or (ii) the end of an applicable period fixed pursuant to Section 2.14, or (b) fails to borrow any Fixed Rate Loan after notice has been given to any Bank in accordance with Section 2.4.1, the Company shall reimburse each Bank for any

resulting loss, premium or penalty which, in the reasonable judgment of such Bank, such Bank (or an existing or prospective participant in a related Loan) incurred, including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment. The Company shall not be required to pay any such reimbursement except upon demand therefor following receipt of a certificate from any such Bank as to the amount of such loss, premium or penalty, which certificate shall be conclusive in the absence of manifest error.

2.13. Computation of Interest and Fees. Interest based on the Prime

Rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

2.14. Interest after Maturity. Any overdue principal of, and, to

the extent permitted by law, overdue interest on:

2.14.1. any Base Rate Loan, CD Loan or Money Market Loan shall bear interest, payable on demand, for each day until paid at, a rate per annum equal to the sum of 1% plus the Base Rate for such day; and

2.14.2. any Euro-Dollar Loan shall bear interest, payable on demand, for each day from and including the date payment thereof was due to but excluding the date of actual payment, either (y) at a rate per annum equal to the sum of 2% plus the Euro-Dollar Margin plus the average (rounded upward, if necessary, to the next higher 1/16th of 1%) of the respective rates per annum at which one day (or, if such overdue payment remains unpaid more than three Euro-Dollar Business Days, then for such other period of time not longer than three months as the Agent may elect) deposits in dollars in an amount approximately equal to the Euro-Dollar Reference Bank's respective portion of such overdue payment are offered to each of the Euro-Dollar Reference Banks in the London interbank market for the applicable period determined as provided above or, (z) if the circumstances described in Section 2.15(a) or (b) shall exist, at a rate per annum equal to the sum of 1% plus the Base Rate for such day.

2.15. Basis for Determining Interest Rate Inadequate or Unfair. If

on or prior to the first day of any Interest Period for any Fixed Rate Borrowing (other than a Money Market Absolute Rate Borrowing):

(a) the Agent is advised by each of the Reference Banks that deposits in dollars (in the applicable amounts) are not being offered to such Reference Bank in the relevant market for such Interest Period, or

(b) in the case of a Syndicated Borrowing, Banks having 50% or more of the aggregate amount of the Commitments advise the Agent that the Adjusted CD Rate or the London Interbank Offered Rate, as the case, may be, as determined by the Agent will not adequately and fairly reflect the cost to such Banks of funding their CD Loans or Euro-Dollar Loans, as the case may for such Interest Period,

the Agent shall forthwith give notice thereof, but not later than 10:00 A.M. (New York City time) on the date of such Borrowing, to the Company and the Banks, whereupon until the Agent notifies the Company that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks to make CD Loans or Euro-Dollar Loans, as the case may be, shall be suspended. Unless the Company notifies the Agent by 12:00 Noon (New York City time) on the date of any Fixed Rate Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, (i) if such Fixed Rate Borrowing is a Syndicated Borrowing, such Borrowing shall instead be made as a Base Rate Borrowing and (ii) if such Fixed Rate Borrowing is a Money Market LIBOR Borrowing, the Money Market LIBOR Loans comprising such Borrowing shall bear interest for each day from and including the first day to but excluding the last day of the Interest Period applicable thereto at the Prime Rate for such day.

2.16. Illegality. If, after the date of this Agreement, the adoption

of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable

agency shall make it unlawful or impossible for any Bank (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Bank shall so notify the Agent and the Company, the Agent shall forthwith give notice thereof to the other Banks, whereupon until such Bank notifies the Company and the Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make Euro-Dollar Loans shall be suspended. Before giving notice to the Agent pursuant to this Section, such Bank shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such Bank shall determine that it may not lawfully continue to maintain and fund any of its outstanding Euro-Dollar Loans to maturity and shall so specify in such notice, the Company shall immediately prepay in full such Loans, together with accrued interest thereon. Concurrently with prepaying each such Euro-Dollar Loan, the Company shall borrow a Base Rate Loan in an equal principal amount from such Bank (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks), and such Bank shall make such a Base Rate Loan.

2.17. Increased Cost and Reduced Return.

2.17.1. If, on or after (a) the date hereof, in the case of any Syndicated Loan or any obligation to make Syndicated Loans or (b) the date of the related Quote, in the case of any Money Market Loan, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject any Bank (or its Lending Office) to any tax, duty or other charge with respect to its Fixed Rate Loans, its Notes or its obligation to make Fixed Rate Loans, or shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on its Fixed Rate Loans or any other amounts due under this Agreement in respect of its Fixed Rate Loans or its obligation to make Fixed Rate

Loans (except for changes in the rate of tax on the overall net income of such Bank or its Lending Office imposed by the jurisdiction in which such Bank's executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding (A) with respect to any CD Loan any such requirement included in an applicable Domestic Reserve Percentage and (B) with respect to any Euro-Dollar Loan any such requirement with respect to which such Bank is entitled to compensation under Section 2.7.4 during the relevant Interest Period) against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Lending Office) or shall impose on any Bank (or its Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Rate Loans, its Notes or its obligation to make Fixed Rate Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of making or maintaining any Fixed Rate Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Notes with respect thereto, by an amount determined by such Bank to be material, then, within 15 days after demand by such Bank (with a copy to the Agent), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction.

2.17.2. If any Bank shall determine that, on or after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any existing or future law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital as a consequence of its obligations under this Agreement to a level below that which such Bank could have achieved but for such adoption, change or compliance

(taking into consideration such Bank's policies with respect to capital adequacy) by an amount determined by such Bank to be material, then from time to time, and following receipt by the Agent and the Company of a certificate from such Bank pursuant to Section 2.17.3, the Agent shall adjust the amount of the facility fee payable pursuant to Section 2.8 for the account of such Bank to include such additional amount or amounts as will compensate such Bank for any such reduction.

2.17.3. Each Bank will promptly notify the Company and the Agent of any event of which it has knowledge, occurring on or after the date of this Agreement, which will entitle such Bank to compensation pursuant to this Section 2.17 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 2.17 and setting forth the calculation for the additional amount or amounts to be paid to such Bank under this Section 2.17 shall be conclusive in the absence of manifest error. In determining any such amount, such Bank shall make its calculations (which shall be set forth in the certificate) reasonably and in good faith using any reasonable averaging and attribution methods (which shall be set forth in the certificate).

2.18. Base Rate Loans Substituted for Affected Fixed Rate Loans. If

 either (a) the obligation of any Bank to make Euro-Dollar Loans has been suspended pursuant to Section 2.16 or (b) any Bank has demanded compensation pursuant to Section 2.17.1 and the Company shall, by at least five Euro-Dollar Business Days' prior notice to such Bank through the Agent, have elected that the provisions of this Section 2.18 shall apply to such Bank, then, unless and until such Bank notifies the Company and the Agent that the circumstances giving rise to such suspension or demand for compensation no longer apply:

2.18.1. All Loans which would otherwise be made by such Bank as CD Loans or Euro-Dollar Loans, as the case may be, shall be made instead as Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Fixed Rate Loans of the other Banks); and

2.18.2. After each of the CD Loans or Euro-Dollar Loans of such Bank, as the case may be, has been repaid, all payments of principal which would otherwise be applied to repay such Fixed Rate Loans shall be applied to repay its Base Rate Loans instead.

SECTION 3

CONDITIONS TO BORROWINGS

The obligation of any Bank to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

3.1. Notice of Borrowing. The Agent shall have received a Notice of Borrowing as required by Section 2.2 or 2.3, as the case may be.

3.2. Representations. The fact that: (a) immediately after such Borrowing, (i) in the case of a Refunding Borrowing, no Event of Default shall have occurred and be continuing or (ii) in the case of any other Borrowing, no Default shall have occurred and be continuing; (b) the representations and warranties of the Company contained in this Agreement (except, in the case of a Refunding Borrowing, the representations and warranties set forth in Section 4.5, 4.6, 4.8 and 4.9) shall be true on and as of the date of such Borrowing; and (c) immediately after such Borrowing, the aggregate outstanding principal amount of the Loans will not exceed the aggregate amount of the Commitments. Each Borrowing hereunder shall be deemed to be a representation and warranty by the Company, to the best of its knowledge, on the date of such Borrowing as to the facts specified in this Section 3.2.

SECTION 4

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants that:

4.1. Corporate Existence and Power. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all corporate power and authority required to carry on its business as now conducted.

4.2. Corporate and Governmental Authorization; No Contravention. The

execution, delivery and performance by the Company of this Agreement and the Notes are within the Company's corporate power, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official (other than the filing of reports with the Securities and Exchange Commission) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or bylaws of the Company or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Company.

4.3. Binding Effect. This Agreement constitutes a valid and binding

agreement of the Company and the Notes, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of the Company.

4.4. Financial Information.

4.4.1. The consolidated balance sheet of the Company and Subsidiaries as of January 28, 1995 and the related consolidated statements of income, shareholders' equity and cash flows for the Fiscal Year then ended, reported on by Coopers & Lybrand L.L.P. and set forth in the Company's Annual Report on Form 10-K for the Fiscal Year then ended, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Company and Subsidiaries as of such date and their consolidated results of operations and cash flows for such Fiscal Year.

4.4.2. From January 28, 1995 to the Effective Date, there has been no material adverse change in the business, financial position or results of operations of the Company and Consolidated Subsidiaries, considered as a whole.

4.5. Litigation. There is no action, suit or proceeding pending

against, or to the knowledge of the Company threatened against or affecting, the Company or any Consolidated Subsidiaries before any court or arbitrator or any governmental body, agency or official in which there is, in the good faith judgment of the Company (which shall be conclusive), a reasonable possibility of an adverse decision

which could materially adversely affect the business, consolidated financial position or consolidated results of operations of the Company and Consolidated Subsidiaries considered as a whole or which in any manner draws into question the validity or enforceability of this Agreement or the Notes.

4.6. Subsidiaries. Each of the Company's corporate Consolidated

Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate power and authority required to carry on its business as now conducted except to the extent that the failure of any such Consolidated Subsidiary to be so incorporated, existing or in good standing or to have such power and authority is not reasonably expected by the Company to have a material adverse effect on the business, financial position or results of operations of the Company and Consolidated Subsidiaries considered as a whole.

4.7. Not an Investment Company. The Company is not an "investment

company" within the meaning of the Investment Company Act of 1940, as amended.

4.8. ERISA. Each member of the ERISA Group (a) has fulfilled its

material obligations under the minimum funding standards of ERISA and the Code with respect to each Plan, (b) is in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and (c) has not incurred any material liability to the PBGC or a Plan under Title IV of ERISA other than a liability to PBGC for premiums under Section 4007 of ERISA;

provided, that this sentence shall not apply to (a) any member of the ERISA

Group described in Section 414(m) of the Code (other than the Company or a Subsidiary) or any Plan maintained by such a member or (b) any Plan referred to in clause (c) of the definition of "Plan" in Section 1.1 (a "Multiemployer Plan"). The Company and its Subsidiaries have made all material payments to Multiemployer Plans which they have been required to make under the related collective bargaining agreement or applicable law.

4.9. Taxes. The Company and Subsidiaries have filed all United

States federal income tax returns and all other material tax returns which, in the opinion of the Company, are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any Subsidiary, except

for assessments which are being contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of the Company and Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Company, adequate.

SECTION 5

COVENANTS

The Company agrees that, so long as any Bank has any Commitment hereunder or any amount payable under any Note remains unpaid:

5.1. Information.

5.1.1. The Company will deliver to each of the Banks:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year, the Annual Report of the Company on Form 10-K for such Fiscal Year, containing financial statements reported on in a manner acceptable to the Securities and Exchange Commission by Coopers & Lybrand L.L.P. or other independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as available and in any event within 60 days after the end of each of the first three quarters of each Fiscal Year, a copy of the Company's report on Form 10-Q for such quarter with the financial statements therein contained to be certified (subject to normal year end adjustments) as to fairness of presentation, generally accepted accounting principles (except footnotes) and consistency, by the chief financial officer, the chief accounting officer or the treasurer of the Company;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer, the chief accounting officer or treasurer of the Company (i) setting forth in reasonable detail the calculations required to establish whether the Company was in compliance with the requirements of Section 5.6 on the date of such financial statements and (ii) stating whether, to the best knowledge of such officer, any Default exists on the date of such

certificate and, if any Default then exists, setting forth the details thereof and the action which the Company is taking or proposes to take with respect thereto;

(d) simultaneously with the delivery of each set of financial statements referred to in clause (a) above, a statement of the firm of independent public accountants which reported on such statements whether anything has come to their attention to cause them to believe that any Default existed on the date of such statements (insofar as such pertains to accounting matters);

(e) promptly upon the mailing thereof to the stockholders of the Company generally, copies of all financial statements, reports and proxy statements so mailed;

(f) promptly upon the filing thereof, copies of all registration statements (other than the exhibits, thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which the Company shall have filed with the Securities and Exchange Commission;

(g) within four Domestic Business Days of any executive or financial officer of the Company obtaining knowledge of any condition or event recognized by such officer to be a Default, a certificate of the chief financial officer, the chief accounting officer or the treasurer of the Company setting forth the details thereof and the action which the Company is taking or proposes to take with respect thereto;

(h) if and when any executive or financial officer of the Company obtains knowledge that any member of the ERISA Group (i) has given or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) has received notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice; or (iii) has received notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice; and

(i) from time to time such additional information regarding the financial position or business of the Company and Subsidiaries as the Agent, at the request of any Bank, may reasonably request.

5.1.2. Certificates delivered pursuant to this Section shall be signed manually or shall be copies of a manually signed certificate.

5.2. Maintenance of Properties. The Company will, and will cause each Consolidated Subsidiary to, maintain and keep in good condition, repair and working order all properties used or useful in the conduct of its business and supply such properties with all necessary equipment and make all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided that nothing in this Section 5.2 shall prevent the Company or any Consolidated Subsidiary from discontinuing the operation and maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of the business of the Company or such Consolidated Subsidiary, as the case may be, and not disadvantageous in any material respect to the Banks.

5.3. Maintenance of Insurance. The Company will, and will cause each Consolidated Subsidiary to, insure and keep insured, with reputable insurance companies, so much of its properties and such of its liabilities for bodily injury or property damage, to such an extent and against such risks (including fire), as companies engaged in similar businesses customarily insure properties and liabilities of a similar character; or, in lieu thereof, the Company will maintain, or cause each Consolidated Subsidiary to maintain, a system or systems of self-insurance which will be in accord with the customary practices of companies engaged in similar businesses in maintaining such systems.

5.4. Preservation of Corporate Existence. The Company shall preserve and maintain its corporate existence, rights, franchises and privileges in the State of Delaware or in any other State of the United States which it shall select as its jurisdiction of incorporation, and qualify and remain qualified as a foreign corporation in each jurisdiction in which such qualification is necessary, except such jurisdictions, if any, where the failure to

preserve and maintain its corporate existence, rights, franchises and privileges, or qualify or remain qualified will not have a material adverse effect on the business or property of the Company.

5.5. Inspection of Property, Books and Records. The Company will,

 and will cause each Consolidated Subsidiary to, make and keep books, records and accounts in which transactions are recorded as necessary to (a) permit preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles and (b) otherwise comply with the requirements of Section 13(b)(2) of the Securities Exchange Act of 1934 as in effect from time to time. At any reasonable time during normal business hours and from time to time, the Company will permit the Agent or any of the Banks or any agents or representatives thereof at their expense (to the extent not in violation of applicable law) to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Company and any Consolidated Subsidiaries and to discuss the affairs, finances and accounts of the Company and any Consolidated Subsidiaries with any of their respective officers or directors. Except (i) as any Bank deems it necessary in connection with the enforcement of its rights arising out of any Default or as required by law or with respect to disclosures to bank regulatory authorities or the independent auditors or counsel or the employees, officers or directors of such Bank, (ii) disclosures to any actual or potential participant or, with the prior written consent of the Company, assignee (a "Transferee") of such Bank's rights under this Agreement who signs a confidentiality agreement containing provisions substantially similar to those contained in this Section 5.5; provided that such Bank shall promptly notify the Company of the identity of

 such actual or potential Transferee, or (iii) as consented to by the Company in writing, such Bank will not publish or disclose to any third Person any information gained under any inspection conducted pursuant to this Section 5.5 or information obtained pursuant to Section 5.1.1(i) unless and until such information is or becomes a matter of public knowledge through no fault of such Bank or is lawfully acquired by such Bank without restrictions of confidentiality.

5.6. Limitations on the Company. The Company will not:

5.6.1. Current Ratio. Permit the ratio of (x) the sum of

Consolidated Current Assets plus the Unused Commitments to (y) Consolidated
Current Liabilities to be less than 1.33 to 1.

5.6.2. Tangible Net Worth. Permit Consolidated Tangible Net

Worth to be less than \$1,000,000,000.

5.6.3. Debt to Capital Ratio. Permit the ratio of Consolidated

Debt to Capital to exceed 0.825 to 1.

5.7. Restrictions on Liens upon Stock of Consolidated Subsidiaries.

Neither the Company nor any Consolidated Subsidiary will create, assume or
suffer to exist any Lien on any stock of any Consolidated Subsidiary except
Liens on the stock of one or more Consolidated Subsidiaries which in the
aggregate, if considered as a single Subsidiary, would not constitute a
"Significant Subsidiary" as defined on the Effective Date in Rule 1-02 of
Regulation S-X adopted by the Securities and Exchange Commission.

5.8. Compliance with Laws. The Company will, and will cause each

Consolidated Subsidiary to, comply in all material respects with all applicable
laws, ordinances, rules, regulations, and requirements of governmental
authorities (including, without limitation, ERISA and the rules and regulations
thereunder), except to the extent that (a) the necessity of compliance therewith
is contested in good faith by appropriate proceedings or (b) the failure to so
comply would not result in any material adverse effect on the business,
financial condition or results of operations of the Company and Consolidated
Subsidiaries taken as a whole.

5.9. Consolidated Subsidiary Debt Limitations. The Company will not

permit any Consolidated Subsidiary to create, incur, assume or suffer to exist
any Debt except:

5.9.1. Debt of any Consolidated Subsidiary which is, or the direct or
indirect parent of which is, acquired by the Company or any other Consolidated
Subsidiary after the Effective Date, which Debt is in existence at the time such
Consolidated Subsidiary (or parent) is so acquired; provided such Debt was not

created at the request or with the consent of the Company or any Subsidiary,
and such Debt may not be extended other than pursuant to the

terms thereof as in existence at the time such Consolidated Subsidiary (or parent) was acquired;

5.9.2. If the WFN Companies shall be Consolidated Subsidiaries, Debt of the WFN Companies in an aggregate principal amount not exceeding 50% of the WFN Companies' Tangible Assets; provided that for any one period not to exceed -----
56 days in any Fiscal Year, Debt of the WFN Companies may exceed 50% of the WFN Companies' Tangible Assets; and

5.9.3. Other Debt in an aggregate principal amount for all Consolidated Subsidiaries not exceeding the lesser of (a) \$250,000,000 or (b) 15% of Consolidated Tangible Net Worth.

5.10. Consolidations, Mergers and Sales of Assets. The Company will -----
not (a) consolidate or merge with or into any other Person or (b) sell, lease or otherwise transfer all or any substantial part of the assets of the Company and its Consolidated Subsidiaries, taken as a whole, to any other Person; provided -----
that the Company may merge with another Person if (y) the corporation surviving the merger is the Company or a corporation organized under the laws of a State of the United States into which the Company desires to merge for the purpose of becoming incorporated in such State (in which case such corporation shall assume all of the Company's obligations under this Agreement and the Notes by an agreement satisfactory to the Required Banks (and the Required Banks shall not unreasonably withhold their consent to the form of such agreement) and shall deliver to the Banks such legal opinions and other documents as the Agent may reasonably request to evidence the due authorization, validity and binding effect thereof) and (z) immediately after giving effect to such merger, no Default. shall have occurred and be continuing; and provided further that the -----
foregoing shall not be construed to prohibit, in addition to any other sale, lease or other transfer of assets (including by means of dividends, share repurchases or recapitalizations) that does not involve all or any substantial part of the assets of the Company and its Consolidated Subsidiaries, taken as a whole, (i) the WFN Transactions, (ii) any Minority Interest Disposition or (iii) transfers to some or all of the shareholders of the Company, whether by means of dividend, share repurchase, recapitalization or otherwise, of cash in amounts that do not materially exceed the range indicated in the Company's

press release dated October 26, 1995, previously delivered to the Banks.

SECTION 6

EVENTS OF DEFAULT AND REMEDIES

6.1. Events of Default. Any of the following shall be an "Event of Default":

6.1.1. Payment. The Company shall fail to make any payment of principal of or interest on any Loan when due or to pay any fees or other amounts payable hereunder when due, and such failure remains unremedied for three Domestic Business Days after the Company's actual receipt of notice of such failure from the Agent at the request of any Bank;

6.1.2. Representations. Any statement of fact or representation made or deemed to be made by the Company in this Agreement or by the Company or any of its officers in any certificate delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made or deemed made, and, if the consequences of such representation or statement being incorrect shall be susceptible of remedy in all material respects, such consequences shall not be remedied in all material respects within 30 days after any executive or financial officer first becomes aware of or is advised that such representation or statement was incorrect in a material respect;

6.1.3. Financial Covenants. The Company shall fail to comply with any of the provisions of Section 5.6.1, 5.6.2 or 5.6.3 and, if the consequences of such failure shall be susceptible of remedy in all material respects, such consequences shall not be remedied in all material respects within 20 days after any executive or financial officer of the Company first becomes aware or is advised of such failure to comply;

6.1.4. Other Debt. (a) The Company or any Consolidated Subsidiary shall fail to pay principal of or interest on any Debt (other than as evidenced by the Notes) and the longer of (i) any periods within which the Company or such Consolidated Subsidiary shall be allowed to cure such nonpayment shall have elapsed, or (ii) 10 days shall

have passed since such failure, in either case without curing such nonpayment or (b) any event or condition shall occur which enables the holder of any Debt (other than as evidenced by the Notes) or any Person acting on such holder's behalf to accelerate the maturity thereof, and the longer of (i) any periods within which the Company or such Consolidated Subsidiary shall be allowed to cure such condition or event shall have elapsed, or (ii) 10 days shall have passed since the occurrence of such event or condition, in either case without curing such event or condition, or (c) the holder of any Debt (other than as evidenced by the Notes) shall accelerate the maturity of such Debt and such acceleration shall not have been rescinded within 20 days of such acceleration, provided no Default under this Section 6.1.4 shall be deemed to occur where

 (y) the amount, individually or in the aggregate, of such Debt does not exceed \$15,000,000; or (z) if at the time such event occur, the Company has a Highest Company Rating, a High Company Rating or an Adequate Company Rating and either (i) such Debt is owed by a Consolidated Subsidiary not incorporated under the laws of any State of the United States, the District of Columbia or Canada or any province thereof, or (ii) such Debt is permitted under Section 5.9.1;

6.1.5. Insolvency, etc. The Company or any Consolidated Subsidiary

 shall (a) make a general assignment for the benefit of creditors; (b) apply for or consent (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, custodian, trustee or liquidator of the Company or any Consolidated Subsidiary or any substantial part of the properties of the Company or any Consolidated Subsidiary or authorize such application or consent, or proceedings seeking such appointment shall be commenced without such authorization, consent or application against the Company or any Consolidated Subsidiary and continue undismissed for 30 days (or if such dismissal of such unauthorized proceedings cannot reasonably be obtained within such 30 day period, the Company or any Consolidated Subsidiary shall fail either to proceed with due diligence to seek to obtain dismissal within such 30 day period or to obtain dismissal within 60 days); (c) authorize or file a voluntary petition in bankruptcy, suffer an order for relief under any federal bankruptcy law, or apply for or consent (b) admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, arrangement, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction, or authorize such

application or consent, or proceedings to such end shall be instituted against the Company or any Consolidated Subsidiary without such authorization, application or consent which are not vacated within 30 days from the date thereof (or if such vacation cannot reasonably be obtained within such 30 day period, the Company shall fail either to proceed with due diligence to seek to obtain vacation within such 30 day period or to obtain vacation within 60 days); (d) permit or suffer all or any substantial part of its properties to be sequestered, attached, or subjected to a Lien (other than a Lien expressly permitted by the exception to Section 5.7) through any legal proceeding or distraint which is not vacated within 30 days from the date thereof (or if such vacation cannot reasonably be obtained within such 30 day period, the Company shall fail either to proceed with due diligence to seek to obtain vacation within such 30 day period or to obtain vacation within 60 days); (e) generally not pay its debts as such debts become due or admit in writing its inability to do so; or (f) conceal, remove, or permit to be concealed or removed, any material part of its property, with intent to hinder, delay or defraud its creditors or any of them; provided, however, that the foregoing events

 will not constitute an Event of Default if such events occur with respect to any Subsidiary which is: (i) a Consolidated Subsidiary not incorporated under the laws of any State of the United States, the District of Columbia or Canada or any province thereof and not engaged in the retail business, if the aggregate Value of the Company's and all Consolidated Subsidiaries' investments in and advances to such Consolidated Subsidiary and all such other Consolidated Subsidiaries to which these tests are being applied within a period of 18 months ending on the date of determination, does not exceed \$15,000,000; or (ii) a Consolidated Subsidiary incorporated under the laws of any State of the United States, the District of Columbia or Canada or any province thereof and not engaged in the retail business, if at the time such events occur (y) the Company has a Highest Company Rating, a High Company Rating or an Adequate Company Rating and (z) the aggregate Value of the Company's and all Consolidated Subsidiaries, investments and advances to such Consolidated Subsidiary and all other such Consolidated Subsidiaries to which these tests are being applied within a period of 18 months ending on the date of determination, does not exceed \$7,500,000;

6.1.6. Employee Benefit Plans. Any member of the ERISA Group shall

 fail to pay when due an amount or amounts aggregating in excess of \$1,000,000 which it shall

have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Liabilities in excess of \$25,000,000 (collectively a "Material Plan") shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against any member of the ERISA Group to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

6.1.7. Failure to Perform. The Company shall fail to perform or

observe in any material respect any other term, covenant or agreement contained in this Agreement (including without limitation Section 5.1) or the Notes on its part to be performed or observed and any such failure remains unremedied for 30 days after the Company shall have received written notice thereof from the Agent at the request of any Bank.

6.2. Remedies. If any Event of Default shall occur and be

continuing, the Agent shall (a) if requested by the Required Banks, by notice to the Company terminate the Commitments and they shall thereupon terminate, and (b) if requested by Banks holding Notes evidencing at least 60% of the aggregate unpaid principal amount of the Loans, by notice to the Company declare the Notes (together with accrued interest thereon and all other amounts payable by the Company hereunder) to be, and the Notes (together with accrued interest thereon and all other amounts payable by the Company hereunder) shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; provided that in the

case of any of the bankruptcy Events of Default specified in Section 6.1.5 with respect to the Company, without any notice to the Company or any other act by the Agent or the Banks, the Commitments shall thereupon terminate and the Notes (together with accrued interest thereon and all other amounts payable by the Company hereunder) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

6.3. Notice of Default. The Agent shall give notice to the Company

 under Section 6.1.1 or 6.1.7 promptly upon being requested to do so by any Bank
 and shall thereupon notify all the Banks thereof.

SECTION 7

THE AGENT

7.1. Appointment and Authorization. Each Bank irrevocably appoints

 and authorizes the Agent to take such action as agent on its behalf and to
 exercise such powers under this Agreement and the Notes as are delegated to the
 Agent by the terms hereof or thereof, together with all such powers as are
 reasonably incidental thereto.

7.2. Agent and Affiliates. Morgan Guaranty Trust Company of New York

 shall have the same rights and powers under this Agreement as any other Bank and
 may exercise or refrain from exercising the same as though it were not the
 Agent, and Morgan Guaranty Trust Company of New York and its affiliates may
 accept deposits from, lend money to, and generally engage in any kind of
 business with the Company or any Subsidiary or affiliate of the Company as if it
 were not the Agent hereunder.

7.3. Action by Agent. The obligations of the Agent hereunder are

 only those expressly set forth herein. Without limiting the generality of the
 foregoing, the Agent shall not be required to take any action with respect to
 any Default, except as expressly provided in Section 6.

7.4. Consultation with Experts. The Agent may consult with legal

 counsel (who may be counsel for the Company), independent public accountants and
 other experts selected by it and shall not be liable for any action taken or
 omitted to be taken by it in good faith in accordance with the advice of such
 counsel, accountants or experts.

7.5. Liability of Agent. Neither the Agent nor any of its directors,

 officers, agents, or employees shall be liable for any action taken or not taken
 by it in connection herewith (a) with the consent or at the request of the
 Required Banks or (b) in the absence of its own gross negligence or willful
 misconduct. Neither the Agent nor any of its directors, officers, agents or
 employees shall be responsible or have any duty to ascertain, inquire into or

verify (i) any statement, warranty or representation made in connection with this Agreement or any Borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Company; (iii) the satisfaction of any condition specified in Section 3 or 9, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, telex, telecopy or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

7.6. Indemnification. Each Bank shall, ratably in accordance with

its Commitment, indemnify the Agent (to the extent not reimbursed by the Company) against any cost, expense (including counsel fees and disbursements), claim, demand,, action, loss or liability (except such as result from the Agent's gross negligence or willful misconduct) that the Agent may suffer or incur in connection with this Agreement or any action taken or omitted by the Agent hereunder.

7.7. Credit Decision. Each Bank acknowledges that it has,

independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

7.8. Successor Agent. The Agent may resign at any time by giving

written notice thereof to the Banks and the Company. Upon any such resignation, the Required Banks shall have the right to appoint another Bank as successor Agent. If no successor Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the retiring Agents giving notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$100,000,000.

Upon the acceptance of its appointment as Agent hereunder by, a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

7.9. Agent's Fee. The Company shall pay to the Agent for its own

 account fees in the amounts and at the times previously agreed upon between the Company and the Agent.

SECTION 8

MISCELLANEOUS

8.1. Notices. All notices, requests and other communications to any

 party hereunder shall be in writing (including bank wire, telex (other than in the case of the Company), telecopy or similar writing) or shall be by telephone promptly confirmed in writing and shall be given to such party: (a) in the case of the Company or the Agent, at its address, telephone number, telecopy number or telex (other than in the case of the Company) number set forth on the signature pages hereof, (b) in the case of any Bank at its address, telephone number, telecopy number or telex number set forth in its Administrative Questionnaire or (c) in the case of any party such other address, telephone number, telecopy number or telex number as such party may hereafter specify for the purpose of notice to the Agent. and the Company. Each such notice, request or other communication shall be effective (i) if given by telecopy or telex, when such telecopy or telex is transmitted to the telecopy number or telex number specified in or pursuant to this Section 8.1 and the appropriate confirmation or answerback is received, (ii) if given by mail, 120 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (iii) if given by telephone, when such notice is given subject to prompt confirmation in writing or (iv) if given by any other means, when delivered at the address specified in or pursuant to this Section; provided

 that notices to the Agent under Section 2 shall not be effective until received.

8.2. No Waivers. No failure or delay by the Agent or any Bank an

exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.3. Expenses; Documentary Taxes. The Company shall pay (a) all

reasonable out-of-pocket expenses of the Agent, including fees and disbursements of Cravath, Swaine & Moore, special counsel for the Agent, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default hereunder and (b) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agent or any Bank, including fees and disbursements of counsel, in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. The Company shall indemnify each Bank against any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or the Notes.

8.4. Sharing of Set-Offs. Each Bank agrees that if it shall, by

exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest then due with respect to any Note held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest then due with respect to any Note held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Notes held by the other Banks, and such other adjustments shall be made from time to time, as may be required so that all such payments of principal and interest with respect to the Notes held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section shall impair the right of any Bank

 to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Company other than its indebtedness under the Notes. The Company agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Note, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights

with respect to such participation as fully as if such holder of the participation were a direct creditor of the Company in the amount of such participation.

8.5. Amendments and Waivers. Any provision of this Agreement or the

Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Company and the Required Banks (and, if the rights or duties of the Agent are affected thereby, by the Agent); provided that no

such amendment or waiver shall, unless signed by all the Banks, (i) increase or decrease the Commitment of any Bank except as provided in Section 2.9 or subject any Bank to any additional obligation, (ii) reduce the principal of or the rate of interest on any Loan or any fees hereunder, (iii) postpone the date fixed (a) for any payment of principal of or interest on any Loan or any fees hereunder or (b) for any termination of any Commitment, or (iv) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Section or any other provision of this Agreement.

8.6. Successors and Assigns.

8.6.1. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all Banks.

8.6.2. Any Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Commitment or any or all of its Loans. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to the Company and the Agent, such Bank shall remain responsible for the performance of its obligations hereunder, and the Company and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Company hereunder including, without limitation the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that

such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii) or (iii) of Section 8.5 without the consent of the Participant. The Company agrees that each Participant to a participation, the granting of which has been approved in writing by the Company, shall, to the extent provided in its participation agreement, be entitled to the benefits of Sections 2.7.4 and 2.17 with respect to its participating interest. An assignment or other transfer which is not permitted by Section 8.6.3 or 8.6.4 below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this Section 8.6.2.

8.6.3. Any Bank may at any time assign to one or more banks or other institutions (each an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement and the Notes, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit G hereto executed by such Assignee and such transferor Bank, with (and subject to) the subscribed consent of the Company and the Agent; provided that (a) if an Assignee is a Bank

 or an affiliate of such transferor Bank, no consent shall be required, (b) such assignment may, but need not, include rights of the transferor Bank in respect of outstanding Money Market Loans and (c) any such assignment shall be for at least \$10,000,000 of the Commitment of such Bank. Upon execution and delivery of such instrument and any necessary payment by such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Commitment as set forth in such instrument of assumption, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section 8.6.3 the transferor Bank, the Agent and the Company shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment (other than in the case of the replacement of a Bank pursuant to Section 2.1.3 or Section 2.9.3) the transferor Bank shall pay to the Agent an administrative fee for processing such assignment in the amount of \$2,000.

8.6.4. Any Bank may at any time assign all or any portion of its rights under this Agreement and its Note

to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

8.6.5. No Assignee, Participant or other transferee of any Bank's rights shall be entitled to receive any greater payment under Section 2.17 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Company's prior written consent or by reason of the provisions of Section 2.16 or 2.17 requiring such Bank to designate a different Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

8.6.6. If any Reference Bank assigns its Notes to an unaffiliated institution as permitted by Section 8.6.1, the Agent shall, in consultation with the Company and with the consent of the Required Banks, appoint another Bank to act as a Reference Bank hereunder.

8.7. Collateral. Each of the Banks represents to the Agent and each -----
of the other Banks that it in good faith is not relying upon any Margin Stock as collateral in the extension or maintenance of the credit provided for in this Agreement.

8.8. New York Law. This Agreement and each Note shall be construed -----
in accordance with and governed by the law of the State of New York.

8.9. Counterparts; Integration. This Agreement may be signed in any -----
number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

8.10. Indemnity by Company. The Company agrees to indemnify each -----
Bank and hold each Bank harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of counsel for any Bank in connection with any investigative, administrative or judicial proceeding, whether or not such Bank shall be designated a party thereto) which may be incurred by any Bank (or by the Agent in connection with its actions as

Agent hereunder), relating to or arising out of any actual or proposed use of proceeds of Loans hereunder for the purpose of acquiring equity securities of any Person; provided, that no Bank shall have the right to be indemnified

 hereunder (a) with respect to the acquisition of equity securities (i) of a wholly-owned Subsidiary, or (ii) of a Person who prior to such acquisition did not conduct any business, or (b) for its own gross negligence or willful misconduct.

SECTION 9

EFFECTIVENESS

9.1. Conditions. This Agreement shall become effective upon

 satisfaction of the following conditions:

9.1.1. the Agent shall have received duly executed counterparts of this Agreement signed by the Company and the Banks (or, in the case of any party as to which an executed counterpart shall not have been received, the Agent shall have received telegraphic, telex or other written confirmation from such party of execution of a counterpart by such party);

9.2.2. the Agent shall have received opinions of each of Samuel P. Fried, Esq., General Counsel of the Company, and Davis Polk & Wardwell, special counsel for the Company, substantially in the forms of Exhibits E-1 and E-2 hereto, respectively, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;

9.1.3. the Agent shall have received an opinion of Cravath, Swaine & Moore, special counsel for the Agent, substantially in the form of Exhibit F hereto and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;

9.1.4. the Agent shall have received a certificate signed by the chief financial officer or the treasurer of the Company, to the effect that the representations and warranties of the Company contained in Section 4 are true on and as of the date of such certificate;

9.1.5. the Agent shall have received, for the account of each Bank, a duly executed Note, dated on or before the Effective Date and complying with the provisions of Section 2.5 of this Agreement;

9.1.6. the Agent shall have received all documents it may reasonably request relating to the existence of the Company, the corporate authority for the validity of this Agreement, and any other matters relevant hereto, all in form and substance satisfactory to the Agent; and

9.1.7. the Agent shall have received evidence satisfactory to it of the termination of lending commitments under, and the payment of all amounts outstanding under, the Existing Credit Agreement and the WFN Credit Agreement.

The opinions and certificate referred to in clauses 9.1.2, 9.1.3 and 9.1.4 above shall be dated the Effective Date.

9.2. Termination of Agreements. The Banks that are parties to the

Existing Credit Agreement and the WFN Credit Agreement, comprising the "Required Banks" as defined therein, and the Company agree to waive notice of the termination of the commitments under the Existing Credit Agreement and the WFN Credit Agreement, and such commitments shall terminate in their entirety simultaneously with and subject to the effectiveness of this Agreement and that the Company shall be obligated to pay the accrued commitment and facility fees thereunder to but excluding the Effective Date. Each Bank that is a party to the Existing Credit Agreement or the WFN Credit Agreement agrees that,

immediately upon the effectiveness of this Agreement, it will mark all notes issued under the Existing Credit Agreement or the WFN Credit Agreement and held by it "CANCELLED" and will promptly return all such Notes to the Company or, in the event such notes have been lost, will indemnify the Company in respect of any loss arising from such loss pursuant to such Bank's customary indemnification for lost securities.

The parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

THE LIMITED, INC.

By: /s/ Patrick Hectorne

Name: Patrick Hectorne
Title: Treasurer

Three Limited Parkway
P.O. Box 16000
Columbus, Ohio 43216
Telecopy number: 614-479-7225
Telephone number: 614-479-7033
Attn: Patrick Hectorne
Treasurer

With copy to:

Kenneth B. Gilman,
Vice Chairman and
Chief Financial Officer
Telecopy number: 614-479-7185

Commitments

\$125,000,000 MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: /s/ R. Blake Witherington

Title: Vice President

\$82,000,000 CITIBANK, N.A.

By:
Title:

\$82,000,000 DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By:
Title:

By:
Title:

\$62,500,000 CHEMICAL BANK

By:
Title:

\$62,500,000 THE FIRST NATIONAL BANK OF CHICAGO

By:
Title:

Commitments

\$125,000,000 MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:
Title:

\$82,000,000 CITIBANK, N.A.

By: /s/ William P. Stengel

Title: Vice President

\$82,000,000 DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By:
Title:

By:
Title:

\$62,500,000 CHEMICAL BANK

By:
Title:

\$62,500,000 THE FIRST NATIONAL BANK OF CHICAGO

By:
Title:

Commitments

- - - - -

\$125,000,000 MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:
Title:

\$82,000,000 CITIBANK, N.A.

By:
Title:

\$82,000,000 DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By: /s/ David H. Kahn

Title: Assistant Vice President
By: /s/ Hans-Josef Thiele

Title: Vice President

\$62,500,000 CHEMICAL BANK

By:
Title:

\$62,500,000 THE FIRST NATIONAL BANK OF CHICAGO

By:
Title:

Commitments

- - - - -

\$125,000,000 MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:
Title:

\$82,000,000 CITIBANK, N.A.

By:
Title:

\$82,000,000 DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By:
Title:

By:
Title:

\$62,500,000 CHEMICAL BANK

By: /s/ William Laggiano

Title: Managing Director

\$62,500,000 THE FIRST NATIONAL BANK OF CHICAGO

By:
Title:

Commitments

- - - - -

\$125,000,000 MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:
Title:

\$82,000,000 CITIBANK, N.A.

By:
Title:

\$82,000,000 DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By:
Title:

By:
Title:

\$62,500,000 CHEMICAL BANK

By:
Title:

\$62,500,000 THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Tara W. Clark

Title: Vice President

\$62,500,000 THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.

By: /s/ Douglas Stolberg

Title: Senior Vice President
and Manager

\$62,500,000 NATIONSBANK, N.A.

By:
Title:

\$50,000,000 THE BANK OF NEW YORK

By:
Title:

\$42,000,000 BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:
Title:

\$42,000,000 MELLON BANK, N.A.

By:
Title:

\$42,000,000 UNION BANK OF SWITZERLAND, CHICAGO BRANCH

By:
Title:

By:
Title:

\$62,500,000 THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.

By:
Title:

\$62,500,000 NATIONSBANK, N.A.

By: /s/ Michael A. Monte

Title: Senior Vice President

\$50,000,000 THE BANK OF NEW YORK

By:
Title:

\$42,000,000 BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:
Title:

\$42,000,000 MELLON BANK, N.A.

By:
Title:

\$42,000,000 UNION BANK OF SWITZERLAND, CHICAGO BRANCH

By:
Title:

By:
Title:

\$62,500,000 THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.

By:
Title:

\$62,500,000 NATIONSBANK, N.A.

By:
Title:

\$50,000,000 THE BANK OF NEW YORK

By: /s/ Paula M. DiPonzio

Title: Vice President

\$42,000,000 BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:
Title:

\$42,000,000 MELLON BANK, N.A.

By:
Title:

\$42,000,000 UNION BANK OF SWITZERLAND, CHICAGO BRANCH

By:
Title:

By:
Title:

\$62,500,000 THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.

By:
Title:

\$62,500,000 NATIONSBANK, N.A.

By:
Title:

\$50,000,000 THE BANK OF NEW YORK

By:
Title:

\$42,000,000 BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: /s/ Kathleen McVay

Title: Authorized Officer

\$42,000,000 MELLON BANK, N.A.

By:
Title:

\$42,000,000 UNION BANK OF SWITZERLAND, CHICAGO BRANCH

By:
Title:

By:
Title:

\$62,500,000 THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.

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Title:

\$62,500,000 NATIONSBANK, N.A.

By:
Title:

\$50,000,000 THE BANK OF NEW YORK

By:
Title:

\$42,000,000 BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:
Title:

\$42,000,000 MELLON BANK, N.A.

By: /s/ Marc T. Kennedy

Title: AJP

\$42,000,000 UNION BANK OF SWITZERLAND, CHICAGO BRANCH

By:
Title:

By:
Title:

\$62,500,000 THE HONG KONG & SHANGHAI BANKING CORPORATION LTD.

By:
Title:

\$62,500,000 NATIONSBANK, N.A.

By:
Title:

\$50,000,000 THE BANK OF NEW YORK

By:
Title:

\$42,000,000 BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:
Title:

\$42,000,000 MELLON BANK, N.A.

By:
Title:

\$42,000,000 UNION BANK OF SWITZERLAND, CHICAGO BRANCH

By: /s/ David Danhauer

Title: Vice President

\$40,000,000 CREDIT SUISSE

By: /s/ Thomas G. Muoio

Title: Associate
By: /s/ Dawn E. Rubinstein

Title: Associate

\$35,000,000 THE BANK OF NOVA SCOTIA

By:
Title:

\$35,000,000 HUNTINGTON NATIONAL BANK

By:
Title:

\$35,000,000 NATIONAL CITY BANK, COLUMBUS

By:
Title:

\$30,000,000 ABN AMRO BANK, N.V.

By:
Title:

By:
Title:

\$30,000,000 THE FIRST NATIONAL BANK OF BOSTON

By:
Title:

\$40,000,000 CREDIT SUISSE

By:
Title:

By:
Title:

\$35,000,000 THE BANK OF NOVA SCOTIA

By: /s/ F. C. H. Ashby

Title: Senior Manager Loan
Operations

\$35,000,000 HUNTINGTON NATIONAL BANK

By:
Title:

\$35,000,000 NATIONAL CITY BANK, COLUMBUS

By:
Title:

\$30,000,000 ABN AMRO BANK, N.V.

By:
Title:

By:
Title:

\$30,000,000 THE FIRST NATIONAL BANK OF BOSTON

By:
Title:

\$40,000,000 CREDIT SUISSE

By:
Title:

By:
Title:

\$35,000,000 THE BANK OF NOVA SCOTIA

By:
Title:

\$35,000,000 HUNTINGTON NATIONAL BANK

By: /s/ Lynn Karr

Title: Vice President

\$35,000,000 NATIONAL CITY BANK, COLUMBUS

By:
Title:

\$30,000,000 ABN AMRO BANK, N.V.

By:
Title:

By:
Title:

\$30,000,000 THE FIRST NATIONAL BANK OF BOSTON

By:
Title:

\$40,000,000 CREDIT SUISSE

By:
Title:

By:
Title:

\$35,000,000 THE BANK OF NOVA SCOTIA

By:
Title:

\$35,000,000 HUNTINGTON NATIONAL BANK

By:
Title:

\$35,000,000 NATIONAL CITY BANK, COLUMBUS

By: /s/ William J. Whitley

Title: Vice President

\$30,000,000 ABN AMRO BANK, N.V.

By:
Title:

By:
Title:

\$30,000,000 THE FIRST NATIONAL BANK OF BOSTON

By:
Title:

\$40,000,000 CREDIT SUISSE

By:
Title:

By:
Title:

\$35,000,000 THE BANK OF NOVA SCOTIA

By:
Title:

\$35,000,000 HUNTINGTON NATIONAL BANK

By:
Title:

\$35,000,000 NATIONAL CITY BANK, COLUMBUS

By:
Title:

\$30,000,000 ABN AMRO BANK, N.V.

By: /s/ Jim Janovsky

Title: Group Vice President

By: /s/ Kathryn C. Toth

Title: Vice President

\$30,000,000 THE FIRST NATIONAL BANK OF BOSTON

By:
Title:

\$40,000,000 CREDIT SUISSE

By:
Title:

By:
Title:

\$35,000,000 THE BANK OF NOVA SCOTIA

By:
Title:

\$35,000,000 HUNTINGTON NATIONAL BANK

By:
Title:

\$35,000,000 NATIONAL CITY BANK, COLUMBUS

By:
Title:

\$30,000,000 ABN AMRO BANK, N.V.

By:
Title:

By:
Title:

\$30,000,000 THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Beth Ann Halligan

Title: -----
Managing Director

\$30,000,000 BANK ONE, COLUMBUS, NA

By: /s/ Jean R. Pore

Title: Vice President

\$30,000,000 FLEET NATIONAL BANK OF MASSACHUSETTS

By:
Title:

\$20,000,000 THE FIFTH THIRD BANK OF COLUMBUS

By:
Title:

- - - - -
Total Commitments
\$1,000,000,000
- - - - -

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By:
Title:

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260
Telex Number/Answerback:
177615/MGTUI

\$30,000,000 BANK ONE, COLUMBUS, NA

By:
Title:

\$30,000,000 FLEET NATIONAL BANK OF MASSACHUSETTS

By: /s/ Thomas J. Bullard

Title: Vice President

\$20,000,000 THE FIFTH THIRD BANK OF COLUMBUS

By:
Title:

- - - - -

Total Commitments

\$1,000,000,000
- - - - -

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By:
Title:

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260
Telex Number/Answerback:
177615/MGTUI

\$30,000,000 BANK ONE, COLUMBUS, NA

By:
Title:

\$30,000,000 FLEET NATIONAL BANK OF MASSACHUSETTS

By:
Title:

\$20,000,000 THE FIFTH THIRD BANK OF COLUMBUS

By: /s/ Charles Hale

Title: Vice President

Total Commitments

\$1,000,000,000

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By:
Title:

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260
Telex Number/Answerback:
177615/MGTUI

\$30,000,000 BANK ONE, COLUMBUS, NA

By:
Title:

\$30,000,000 FLEET NATIONAL BANK OF MASSACHUSETTS

By:
Title:

\$20,000,000 THE FIFTH THIRD BANK OF COLUMBUS

By:
Title:

- - - - -

Total Commitments

\$1,000,000,000

- - - - -

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By: /s/ R. Blake Witherington

Title: Senior Vice President

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260
Telex Number/Answerback:
177615/MGTUI

NOTE

New York, New York
, 19

For value received, The Limited, Inc., a Delaware corporation (the "Company"), promises to pay to the order of (the "Bank"),

for the account of its Lending Office, the unpaid principal amount of each Loan made by the Bank to the company pursuant to the Credit Agreement referred to below on the last date of the Interest Period relating to such Loan. The Company promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in federal or other immediately available funds at the office of Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York.

All Loans made by the Bank, the respective types and maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer thereof, endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or

endorsement shall not affect the obligations of the Company under the first paragraph of this Note or under the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement dated as of among the Company, the Banks listed on the signature

pages thereof and Morgan Guaranty Trust Company of New York, as Agent (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings.

Reference is made to the Credit Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof.

THE LIMITED, INC.

By: _____
Title: _____

Form of Quote Request

[Date]

To: Morgan Guaranty Trust Company of New York
(the "Agent")

From: The Limited, Inc.

Re: Credit Agreement (the "Credit Agreement")
dated as of _____ among the Company,

the Banks listed on the signature pages
thereof and the Agent

We hereby give notice pursuant to Section 2.3 of the
Credit Agreement that we request Quotes for the following
proposed Money Market Borrowing(s):

Date of Borrowing: _____

Principal Amount /1/ -----	Interest Period -----
-------------------------------	--------------------------

\$

Such Quotes should offer (check one):

Money Market Absolute Rate -----

Money Market Margin /2/ -----

Terms defined in the Credit
Agreement are used herein with
the same meanings.

THE LIMITED, INC.

By: _____
Title:

/1/ Amount must be \$20,000,000 or a larger multiple of
\$1,000,000.

/2/ The applicable base rate is the London Interbank
Offered Rate.

Form of Invitation for Quotes

To: [Name of Bank]
 Re: Invitation for Quotes to The Limited, Inc.
 (the "Company")

Pursuant to Section 2.3 of the Credit Agreement (the "Credit Agreement") dated as of _____ among the Company, the Banks listed on the signature pages thereof and the undersigned, as Agent, we are pleased on behalf of the Company to invite you to submit Quotes to the Company for the following proposed Money Market Borrowing(s):

Date of Borrowing: _____

Principal Amount	Interest Period
-----	-----
\$	

Such Quotes should offer (check one):

Money Market Absolute Rate _____

Money Market Margin /1/ _____

Please respond to this invitation by no later than [2:00 P.M.] [9:00 A.M.] (New York City time) on [date]. Terms defined in the Credit Agreement are used herein with the same meanings.

MORGAN GUARANTY TRUST COMPANY OF
 NEW YORK

By _____
 Authorized Officer

 /1/ The applicable base rate is the London Interbank Offered Rate.

Form of Quote

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent
60 Wall Street
New York, New York 10260

Attention: Loan Department

Re: Quote to The Limited, Inc. (the "Company")

In response to your invitation on behalf of the Company dated _____,

_____, we hereby make the following Quote on the following terms:

1. Quoting Bank: _____

2. Person to contact at Quoting Bank: _____

3. Date of Borrowing: _____ /1/

4. We hereby offer to make Money Market Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

/1/ As specified in the related Invitation.

Principal Amount /2/ -----	Interest Period /3/ -----	Money Market [Margin /4/] -----	[Absolute Rate /5/] -----
----------------------------------	---------------------------------	---------------------------------------	------------------------------

\$
\$

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Credit Agreement dated as of _____ among the Company, the Banks listed on the

signature pages thereof and yourselves, as Agent, irrevocably obligates us to make the Money Market Loan(s) for which any offer(s) are accepted, in whole or in part. Terms defined in said Credit Agreement are used herein with the same meaning.

Very truly yours,

[NAME OF BANK]

Dated: _____

By: _____
Authorized Officer

/2/ Principal amount bid for each Interest Period may not exceed principal amount requested. Specify aggregate limitation if the sum of the individual offers exceeds the amount the Bank is willing to lend. Bids must be made for \$1,000,000 or a larger multiple thereof.

/3/ As specified in the related Invitation. No more than five bids are permitted for each Interest Period.

/4/ Margin over or under the London Interbank Offered Rate determined for the applicable Interest Period. Specify percentage (rounded to the nearest 1/10,000th of 1%) and specify whether "PLUS" or "MINUS".

/5/ Specify rate of interest per annum (rounded to the nearest 1/10,000th of 1%).

THREE LIMITED PARKWAY
COLUMBUS, OHIO 43230
TEL 614 479 7000

SAMUEL P. FRIED
Vice President
and General Counsel

December 15, 1995

To the Banks and the Agent
c/o Morgan Guaranty Trust Company
of New York, as Agent
60 Wall Street
New York, New York 10260

Ladies and Gentlemen:

I am the General Counsel of The Limited, Inc., a Delaware corporation (the "Company"), and have acted on behalf of the Company in connection with the Credit Agreement dated as of December 15, 1995 (the "Credit Agreement") among the Company, the banks listed on the signature pages thereof (the "Banks") and Morgan Guaranty Trust Company of New York, as Agent (the "Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

I, or individuals under my direction, have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as I have deemed necessary or advisable for purposes of this opinion.

Based upon the foregoing, and subject to the qualifications set forth below, I am of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted or proposed to be conducted, except any such powers or governmental licenses, authorizations, consents or approvals the absence of which would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and the Consolidated Subsidiaries considered as a whole.

To the Banks and the Agent

2. The execution, delivery and performance by the Company of the Credit Agreement and the Notes are within the Company's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any Governmental Authority (other than such as have been duly taken or made) and do not contravene, or constitute a default under, any provision of applicable law or regulation of the State of Ohio or the United States of America or of the certificate of incorporation or by-laws of the Company or, to the best of my knowledge, of any judgment, injunction, order or decree or any material agreement or other material instrument binding upon the Company or result in the creation or imposition of any Lien on any asset of the Company.

3. To the best of my knowledge, there is not injunction, stay, decree or order of any Governmental Authority or any action, suit or proceeding pending against, threatened against or affecting the Company before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision that would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and the Consolidated Subsidiaries considered as a whole or which expressly contests the validity of the Credit Agreement or the Notes.

I am a member of the bar of the State of Ohio and the foregoing opinion is limited to the laws of the State of Ohio, the Federal laws of the United States of America and the General Corporation Law of the State of Delaware.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other person without my prior written consent.

Very truly yours,

/s/ Samuel P. Fried

1300 I STREET, N.W.
WASHINGTON, D.C. 20005

4. PLACE DE LA CONCORDE
75008 PARIS

1 FREDERICK'S PLACE
LONDON EC2R 8A8

450 LEXINGTON AVENUE
NEW YORK, N.Y. 10017
212-450-4000
FAX: 212-450-4800

2-1, MARUNOUCHI I-CHOME
CHIYODA-KU, TOKYO 100

MESSETURM
40308 FRANKFURT AU MAIN

34 CHATER ROAD
HONG KONG

December 15, 1995

To the Banks and the Agent
c/o Morgan Guaranty Trust Company
of New York, as Agent
60 Wall Street
New York, New York 10260

Ladies and Gentlemen:

We have acted as special counsel for The Limited, Inc., a Delaware corporation (the "Company"), in connection with the Credit Agreement dated as of December 15, 1995 (the "Credit Agreement") among the Company, the banks listed on the signature pages thereof (the "Banks") and Morgan Guaranty Trust Company of New York, as Agent (the "Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion.

Based upon the foregoing, and subject to the qualifications set forth below, we are of the opinion that:

1. The Credit Agreement constitutes a valid and binding agreement of the Company, and each of the Notes constitutes a valid and binding obligation of the Company, in each case enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and equitable principles of general applicability.

2. The execution, delivery and performance by the Company of the Credit Agreement and the Notes do not contravene any provision of New York State law or regulation that in our experience is normally applicable to general business corporations in relation to transactions of the type contemplated by the Credit Agreement.

3. The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4. The making of Loans by the Banks and the use of the proceeds thereof by the Company, in each case in accordance with the Credit Agreement, do not violate Regulation G, U or X of the Board of Governors of the Federal Reserve System. For purposes of determining whether, within the meaning of such regulations, the Loans are "secured directly or indirectly by margin stock", the Class B Common Stock of Intimate Brands, Inc. held by the Company does not, as of the date hereof, constitute margin stock.

We are members of the bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the Federal laws of the United States of America. In giving the foregoing opinion, (a) we express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which any Bank is located that may limit the rate of interest that such Bank may charge or collect and (b) we have assumed that (i) the Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and (ii) the execution, delivery and performance by the Company of the Credit Agreement and the Notes (A) are within its corporate powers, (B) have been duly authorized by all necessary corporate action, (C) require no action by or in respect of, or filing with, any Governmental Authority (other than such as have been duly taken or made), (D) except for the laws expressly addressed in paragraphs 2, 3 and 4 above, do not contravene any provision of applicable law or regulation and (E) do not contravene, or constitute a default under, any provision of the certificate of incorporation or by-laws of the Company or of any judgment, injunction, order or decree or any material agreement or other material instrument binding upon the Company.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other person without our prior written consent.

Very truly yours,

/s/ Davis Polk & Wardwell

Opinion of
Cravath, Swaine & Moore, Special Counsel
For The Agent

[Effective Date]

Dear Sirs:

We have participated in the preparation of the Credit Agreement dated as of
, 1995 (the "Credit Agreement"), among The Limited, Inc., a Delaware

corporation (the "Company"), the banks listed on the signature pages thereof
(the "Banks") and Morgan Guaranty Trust Company of New York, as Agent (the
"Agent"), and have acted as special counsel for the Agent for the purpose of
rendering this opinion pursuant to Section 9 of the Credit Agreement. Terms
defined in the Credit Agreement are used herein as therein defined.

We have examined originals or copies, certified or otherwise identified to
our satisfaction, of such documents, corporate records, certificates of public
officials and other instruments and have conducted such other investigations of
fact and law as we have deemed necessary or advisable for purposes of this
opinion.

Upon the basis of the foregoing, we are of the opinion that:

1. The execution, delivery and performance by the Company of the Credit
Agreement and the Notes are within the Company's corporate power and have been
duly authorized by all necessary corporate action.

2. The Credit Agreement constitutes a valid and binding agreement of the
Company and the Notes constitute valid and binding obligations of the Company.

We are members of the Bar of the State of New York and the foregoing opinion
is limited to the laws of the State of New York, the federal laws of the United
States of America and the

General Corporation Law of the State of Delaware. In giving the foregoing opinion, we express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which any Bank is located which limits the rate of interest that such Bank may charge or collect.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other person without our prior written consent.

Very truly yours,

The Banks and the Agent
c/o Morgan Guaranty Trust Company
of New York, as Agent
60 Wall Street
New York, New York 10015

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of _____, _____ among [ASSIGNOR] (the "Assignor"), [ASSIGNEE] (the "Assignee"), [THE LIMITED, INC., a Delaware corporation (the "Company")] and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent").

W I T N E S S E T H :

WHEREAS, this Assignment and Assumption Agreement (the "Agreement") relates to the Credit Agreement dated as of _____, 1995 among the Company, the Assignor and the other Banks party thereto, as Banks, and the Agent (the "Credit Agreement");

WHEREAS, as provided under the Credit Agreement, the Assignor has a Commitment to make Syndicated Loans to the Company in an aggregate principal amount at any time outstanding not to exceed \$ _____;

WHEREAS, Syndicated Loans made to the Company by the Assignor under the Credit Agreement in the aggregate principal amount of \$ _____ are outstanding at the date hereof; /1/ and

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement in respect of a portion of its Commitment thereunder in an amount equal to \$ _____ (the "Assigned Amount"), together with a corresponding portion of its outstanding Syndicated Loans, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;

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

/1/ If Money Market Loans are to be assigned, appropriate modifications should be made.

SECTION 1. Definitions. All capitalized terms not otherwise defined herein

shall have the respective meanings set forth in the Credit Agreement.

SECTION 2. Assignment. The Assignor hereby assigns and sells to the

Assignee all of the rights of the Assignor under the Credit Agreement to the extent of the Assigned Amount, and the Assignee hereby accepts such assignment from the Assignor and assumes all of the obligations of the Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion of the principal amount of the Syndicated Loans made by the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor and the Assignee, and if required by the Company and the Agent, and the payment of the amounts specified in Section 3 hereof required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Bank under the Credit Agreement with a Commitment in an amount equal to the Assigned Amount, and (ii) the Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. Payments. As consideration for the assignment and sale

contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds an amount equal to \$ _____. It is understood that

facility fees accrued to the date hereof are for the account of the Assignor and such fees accruing from and including the date hereof with respect to the Assigned Amount are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party thereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

- -----
* Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee, net of any portion of any upfront fee to be paid by the Assignor to the Assignee. It may be preferable in an appropriate case to specify these amounts generically or by formula rather than as a fixed sum.

[SECTION 4. Consent of the Company and the Agent. This Agreement is

conditioned upon the consent of the Company and the Agent pursuant to Section 8.6.3 of the Credit Agreement. The execution of this Agreement by the Company and the Agent is evidence of this consent. Pursuant to Section 8.6.3 the Company agrees to execute and deliver a Note payable to the order of the Assignee to evidence the assignment and assumption provided for herein.]

SECTION 5. Non-Reliance on Assignor. The Assignor makes no representation

or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, creditworthiness, or statements of the Company, or the validity and enforceability of the obligation of the Company in respect of the Credit Agreement or any Note. The Assignee acknowledges that it has, independently and without reliance on the Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of the Company without such reliance and on such basis.

SECTION 6. Governing Law. This Agreement shall be governed by and

construed in accordance with the laws of the State of New York.

SECTION 7. Counterparts. This Agreement may be signed in any number of

counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By

Title:

[ASSIGNEE]

By

Title:

THE LIMITED, INC.

By

Title:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By

Title:

Form of Notice of Request to Extend

[Date]

To: [Name of Bank]
From: Morgan Guaranty Trust Company of New York (the "Agent")
Re: Credit Agreement dated as of December 15, 1995, as amended (the "Credit Agreement") among The Limited, Inc. (the "Borrower"), the Banks party thereto and the Agent.

Pursuant to Section 2.1.3 of the Credit Agreement, the Borrower has requested an extension of the Termination Date (as defined therein) of the Credit Agreement from [December 14, 2000] [December 14, 2002] to [December 14, 2002] [December 14, 2004]. Please notify the Agent in writing (which may be by bank, wire, telecopy or similar writing) at its address or telecopy number set forth below of your receipt of this notice no later than [the Domestic Business Day following the date of this notice].

If you elect so to extend the Termination Date, no further action on your part is required.

If you elect not so to extend the Termination Date, please notify the Agent in writing (which may be by bank wire, telecopy or similar writing) at its address or telecopy number set forth below no later than _____, [1997]

[1999]:
Morgan Guaranty Trust Company of New York
60 Wall Street
New York, New York 10260
Telecopy Number:
Attn:

SUPPLEMENTAL SCHEDULE OF EXECUTIVE OFFICER WHO BECAME
A PARTY TO AN INDEMNIFICATION AGREEMENT
EFFECTIVE MARCH 7, 1996

Signatory

Capacity

Kent A. Kleeberger

Executive Officer

SUPPLEMENTAL SCHEDULE OF EXECUTIVE OFFICER WHO BECAME
A PARTY TO AN INDEMNIFICATION AGREEMENT
EFFECTIVE FEBRUARY 1, 1996

Signatory

Capacity

Jon Ricker

Executive Officer

THE LIMITED, INC. AND SUBSIDIARIES
 COMPUTATION OF PER SHARE EARNINGS
 (Thousands except per share amounts)

	Quarter Ended	
	February 3, 1996	January 28, 1995
Net Income	\$216,225	\$256,745
Common Shares outstanding:		
Weighted average	379,454	379,454
Dilutive effect of stock options	229	640
Weighted average treasury shares	(22,057)	(21,769)
Weighted average used to calculate net income per share	357,626	358,325
Net Income per share	\$ 0.60	\$ 0.72

	Year Ended	
	February 3, 1996	January 28, 1995
Net Income	\$961,511	\$448,343
Common Shares outstanding:		
Weighted average	379,454	379,454
Dilutive effect of stock options	779	649
Weighted average treasury shares	(21,862)	(21,502)
Weighted average used to calculate net income per share	358,371	358,601
Net Income per share	\$ 2.68	\$ 1.25

EXHIBIT 12

THE LIMITED, INC. AND SUBSIDIARIES
 RATIO OF EARNINGS TO FIXED CHARGES
 (Thousands)

	Year Ended				
	February 3, 1996	January 28, 1995	January 29, 1994	January 30, 1993	February 1, 1992
Adjusted Earnings					
Pretax earnings	\$1,184,511	\$ 744,343	\$644,999	\$745,497	\$660,302
Portion of minimum rent (\$669,301 in 1995, \$614,147 in 1994, \$572,278 in 1993, \$510,544 in 1992 and \$419,025 in 1991) representative of interest	223,100	204,716	190,759	170,181	139,675
Interest on indebtedness	77,537	65,381	63,865	62,398	63,927
Minority Interest	22,374	-	-	-	-
Total Earnings as Adjusted	\$1,507,522	\$1,014,440	\$899,623	\$978,076	\$863,904
Fixed Charges					
Portion of minimum rent representative of interest	\$ 223,100	\$ 204,716	\$190,759	\$170,181	\$139,675
Interest on indebtedness	77,537	65,381	63,865	62,398	63,927
Total Fixed Charges	\$ 300,637	\$ 270,097	\$254,624	\$232,579	\$203,602
Ratio of Earnings to Fixed Charges	5.01x	3.76x	3.53x	4.21x	4.24x

Financial Summary
(Thousands except per share amounts, ratios and store and associate data)

Fiscal Year	1995#*	1994	1993*	1992
Summary of Operations				
Net Sales	\$ 7,881,437	\$ 7,320,792	\$ 7,245,088	\$ 6,944,296
Gross Income	\$ 2,087,532	\$ 2,114,363	\$ 1,958,835	\$ 1,990,740
Operating Income	\$ 613,349	\$ 798,989	\$ 701,556	\$ 788,698
Operating Income as a Percentage of Sales	7.8%	10.9%	9.7%	11.4%
Income Before Income Taxes	\$ 1,184,511	\$ 744,343	\$ 644,999	\$ 745,497
Net Income	\$ 961,511	\$ 448,343	\$ 390,999	\$ 455,497
Net Income (Excluding Gain on Sale of Subsidiary Stock)	\$ 312,044	\$ 448,343	\$ 390,999	\$ 446,380
Net Income as a Percentage of Sales	4.0%(a)	6.1%	5.4%	6.6%
Per Share Results				
Net Income	\$ 2.68	\$ 1.25	\$ 1.08	\$ 1.25
Net Income (Excluding Gain on Sale of Subsidiary Stock)	\$.87	\$ 1.25	\$ 1.08	\$ 1.23
Dividends	\$.40	\$.36	\$.36	\$.28
Book Value	\$ 9.01	\$ 7.72	\$ 6.82	\$ 6.25
Weighted Average Shares Outstanding	358,371	358,601	363,234	363,738
Other Financial Information				
Total Assets	\$ 5,266,563	\$ 4,570,077	\$ 4,135,105	\$ 3,846,450
Return on Average Assets	6%(a)	10%	10%	13%
Working Capital	\$ 2,083,457	\$ 1,725,416	\$ 1,490,840	\$ 1,043,257
Current Ratio	3.9	3.2	3.1	2.4
Capital Expenditures	\$ 374,374	\$ 319,676	\$ 295,804	\$ 429,545
Long-Term Debt	\$ 650,000	\$ 650,000	\$ 650,000	\$ 541,639
Debt-to-Equity Ratio	20%	24%	27%	24%
Shareholders' Equity	\$ 3,201,041	\$ 2,760,956	\$ 2,441,293	\$ 2,267,617
Return on Average Shareholders' Equity	10%(a)	17%	17%	22%
Comparative Store Sales Increase (Decrease)	(2%)	(3%)	(1%)	2%
Stores and Associates at End of Year				
Total Number of Stores Open	5,298	4,867	4,623	4,425
Selling Square Feet	27,403,000	25,627,000	24,426,000	22,863,000
Number of Associates	104,000	105,600	97,500	100,700

* Includes the results of companies disposed of up to the disposition date.

. Includes the results of companies acquired subsequent to the date of acquisition.

Fifty-three week fiscal year.

(a) Excludes the effect on net income of the gain on sale of subsidiary stock of \$649,467.

1991.	1990.	1989#*	1988.	1987	1986	1985.
\$ 6,149,218	\$ 5,253,509	\$ 4,647,916	\$ 4,070,777	\$ 3,527,941	\$ 3,142,696	\$ 2,387,110
\$ 1,793,543	\$ 1,630,439	\$ 1,446,635	\$ 1,214,703	\$ 992,775	\$ 961,827	\$ 718,843
\$ 712,700	\$ 697,537	\$ 625,254	\$ 467,418	\$ 408,872	\$ 438,229	\$ 276,212
11.6%	13.3%	13.5%	11.5%	11.6%	13.9%	11.6%
\$ 660,302	\$ 653,438	\$ 573,926	\$ 396,136	\$ 378,188	\$ 394,780	\$ 239,317
\$ 403,302	\$ 398,438	\$ 346,926	\$ 245,136	\$ 235,188	\$ 227,780	\$ 145,317
\$ 403,302	\$ 398,438	\$ 346,926	\$ 245,136	\$ 235,188	\$ 227,780	\$ 145,317
6.6%	7.6%	7.5%	6.0%	6.7%	7.2%	6.1%
\$ 1.11	\$ 1.10	\$.96	\$.68	\$.62	\$.60	\$.40
\$ 1.11	\$ 1.10	\$.96	\$.68	\$.62	\$.60	\$.40
\$.28	\$.24	\$.16	\$.12	\$.12	\$.08	\$.05
\$ 5.19	\$ 4.33	\$ 3.45	\$ 2.64	\$ 2.04	\$ 2.07	\$ 1.13
363,694	362,044	361,288	360,186	376,626	376,860	365,638
\$ 3,418,856	\$ 2,871,878	\$ 2,418,486	\$ 2,145,506	\$ 1,929,477	\$ 1,726,544	\$ 1,494,313
13%	15%	15%	12%	13%	14%	14%
\$ 1,057,417	\$ 861,637	\$ 680,707	\$ 563,601	\$ 617,007	\$ 581,595	\$ 419,706
3.0	2.8	2.4	2.2	2.8	2.7	2.2
\$ 532,082	\$ 428,844	\$ 318,427	\$ 288,972	\$ 283,590	\$ 196,487	\$ 180,269
\$ 713,758	\$ 540,446	\$ 445,674	\$ 517,952	\$ 681,000	\$ 417,420	\$ 670,744
38%	35%	36%	55%	93%	53%	166%
\$ 1,876,792	\$ 1,560,052	\$ 1,240,454	\$ 946,207	\$ 729,171	\$ 781,542	\$ 404,075
23%	28%	32%	29%	31%	38%	43%
3%	3%	9%	8%	3%	18%	12%
4,194	3,760	3,344	3,497	3,115	2,682	2,353
20,355,000	17,008,000	14,374,000	14,296,000	12,795,000	11,320,000	10,460,000
83,800	72,500	63,000	56,700	50,200	43,200	33,600

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The Limited, Inc. 41

Management's Discussion and Analysis

Results of Operations

Net sales for the fourteen-week fourth quarter grew 9% to \$2.771 billion from \$2.539 billion for the thirteen-week fourth quarter a year ago. Net income (excluding gain on sale of subsidiary stock) was \$180 million, compared to \$257 million last year, and earnings per share (excluding gain on sale of subsidiary stock) were \$0.50 versus \$0.72 in 1994. In addition, the Company recorded a gain on sale of subsidiary stock of \$36.0 million, or \$0.10 per share, resulting from the exercise of the underwriters' over-allotment options with respect to an additional 2.7 million shares of Intimate Brands, Inc. ("IBI") (over the original 40 million shares issued in the third quarter).

Net sales for the 53-week fiscal year ended February 3, 1996 increased 8% to \$7.881 billion, an increase of \$560 million from sales of \$7.321 billion for the 52-week fiscal year ended January 28, 1995. Net income (excluding gain on sale of subsidiary stock) was \$312 million compared to \$448 million a year ago. Earnings per share (excluding gain on sale of subsidiary stock) were \$0.87 compared to \$1.25 last year. The Company also recorded a gain of \$649.5 million, or \$1.81 per share, resulting from the successful initial public offering of a 16.9% interest in IBI during the Fall season of 1995.

Divisional highlights include the following:

- . Although the performance of the women's businesses was disappointing, significant progress was made at Limited Stores in 1995. The division finished the year with a profitable fourth quarter which reflected positive comparable store sales.
- . Bath & Body Works nearly doubled operating income while adding 180 new stores establishing itself as a leading national brand in personal care products.
- . Abercrombie & Fitch Co. realized an 80% increase in operating income while opening 33 stores in 1995.

For further information about the Company's divisions, including sales and operating income, see pages 22-25, 28-31 and 34-37 of this Annual Report.

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Financial Summary

The following summarized financial data, compares 1995 to the comparable periods for 1994 and 1993:

	1995	1994	1993	% Change	
				1995-94	1994-93

Net Sales (millions):					
Express	\$1,445	\$1,387	\$1,421	4%	(2%)
Lerner New York	1,005	1,019	1,141	(1%)	(11%)
Lane Bryant	903	959	928	(6%)	3%
Limited Stores	850	869	1,084	(2%)	(20%)
Henri Bendel	91	84	91	8%	(8%)

Total Women's Businesses	\$4,294	\$4,318	\$4,665	(1%)	(7%)

Structure	576	555	450	4%	23%
Abercrombie & Fitch Co.	235	166	111	42%	50%
The Limited Too	214	174	146	23%	19%
Galyan's Trading Co. (since 7/2/95)	45	-	-	-	-
Other, Net	-	-	242	-	-

Total Emerging Businesses	\$1,070	\$ 895	\$ 949	20%	(6%)

Victoria's Secret Stores	1,286	1,181	991	9%	19%
Victoria's Secret Catalogue	661	569	436	16%	31%
Bath & Body Works	475	260	112	83%	132%
Cacique	80	92	86	(13%)	7%
Other	15	6	6	150%	-

Total Intimate Brands, Inc.	\$2,517	\$2,108	\$1,631	19%	29%

Total Net Sales	\$7,881	\$7,321	\$7,245	8%	1%

Operating Income (millions):					
Women's Businesses	\$ 54	\$ 244	\$ 97	(78%)	152%
Emerging Businesses and Other	173	217	387	(20%)	(44%)
Intimate Brands, Inc.	386	338	218	14%	55%

Total Operating Income	\$ 613	\$ 799	\$ 702	(23%)	14%

Increase (Decrease) in Comparable Store Sales:					
Express	(2%)	(9%)	0%		
Lerner New York	(1%)	(10%)	(5%)		
Lane Bryant	(8%)	2%	(2%)		
Limited Stores	(4%)	(21%)	(14%)		
Henri Bendel	6%	4%	13%		

Total Women's Businesses	(3%)	(9%)	(5%)		

Structure	(9%)	5%	13%		
Abercrombie & Fitch Co.	5%	15%	6%		
The Limited Too	(4%)	13%	34%		

Total Emerging Businesses	(5%)	8%	17%		

Victoria's Secret Stores	(1%)	12%	7%		
Bath & Body Works	21%	39%	44%		
Cacique	(20%)	(12%)	0%		

Total Intimate Brands, Inc.	1%	13%	9%		

Total Comparable Stores Sales (Decrease)	(2%)	(3%)	(1%)		

Retail Sales Increase Attributable to New and Remodeled Stores	9%	6%	8%		
Retail Sales per Average Selling Square Foot	\$ 272	\$ 270	\$ 278	1%	(3%)
Retail Sales per Average Store (thousands)	\$1,419	\$1,423	\$1,452	-	(2%)
Average Store Size at End of Year (square feet)	5,172	5,265	5,284	(2%)	-
Retail Selling Square Feet (thousands)	27,403	25,627	24,426	7%	5%

Number of Stores:					
Beginning of Year	4,867	4,623	4,425		
Opened	504	358	322		
Acquired	6	-	-		
Closed	(79)	(114)	(124)		

End of Year	5,298	4,867	4,623		

Net Sales

Fourteen-week fourth quarter 1995 sales as compared to sales for the thirteen-week fourth quarter 1994 increased 9% to \$2.771 billion due to a 9% increase in sales attributable to new and remodeled stores and a 4% increase due to the fifty-third week, offset by a 4% decrease in comparable store sales resulting from a very difficult Holiday and promotional retail environment. Fourth quarter 1994 sales as compared to 1993 increased 5% to \$2.539 billion due to a 9% increase in sales attributable to new and remodeled stores, offset by a 4% decrease in comparable store sales.

The 1995 retail sales increase is attributable to a 9% increase in sales due to the net addition of new and remodeled stores and a 1% increase due to the fifty-third week, which was partially offset by a 2% decline in comparable store sales. The Company added 504 new stores in 1995, acquired 6 stores via the purchase of Galyan's Trading Company, Inc., remodeled 284 stores and closed 79 stores for a net addition of 431 stores representing approximately 1.8 million square feet of new retail selling space. Average sales productivity increased slightly to \$272 per square foot.

In 1995, approximately \$409 million, or 73%, of the sales increase came from the IBI businesses. These businesses added collectively 256 net new stores representing over 800,000 square feet and experienced a comparable store sales increase of 1%. Catalogue sales increased by \$92 million, or 16%, due to a 25% increase in catalogue mailings. The balance of the sales increase came from the emerging businesses which include Structure, Abercrombie & Fitch Co. and The Limited Too, as sales from the women's businesses were essentially flat to 1994.

The 1994 retail sales increase is attributable to the net addition of new and remodeled stores, which was partially offset by a 3% decline in comparable store sales. The Company added 358 new stores in 1994, remodeled 226 stores and closed 114 stores for a net addition of 244 stores including in excess of 1.2 million square feet of new retail selling space. Consistent with the comparable store sales decline, average sales productivity declined slightly to \$270 per square foot.

In 1994, the IBI businesses posted a \$477 million sales increase over the prior year due to the net addition of 158 stores representing over 500,000 selling square feet, a 13% increase in comparable store sales and a 39% increase in catalogues mailed by Victoria's Secret Catalogue. Additionally, sales at the men's businesses were up 29% due to the net addition of 90 stores and comparable store sales increases. However, most of the increases were offset by the poor performance of the women's businesses, which experienced a 7% sales decline and the loss of sales revenue from the Brylane Catalogue division which was included in 1993 sales results through the date of sale, August 30, 1993.

Gross Income

Gross income decreased as a percentage of sales to 29.2% for the fourteen-week fourth quarter of 1995 from 32.8% for the thirteen-week fourth quarter in 1994. Merchandise margins, expressed as a percentage of sales, decreased 2.8%, due principally to higher markdowns in 1995, which were used to both clear slow moving inventories and to stimulate sales in a slow retail environment. Buying and occupancy costs rose .6% as a percentage of sales, primarily due to the lower sales productivity associated with the 5% decreases in comparable store sales at the women's businesses and a 10% comparable store sales decline in the men's and kids' businesses. In addition, higher catalogue costs due to significant price increases in paper and postage, along with increased mailings exacerbated the buying and occupancy increase.

Gross income increased as a percentage of sales to 32.8% for the fourth quarter of 1994 from 29.1% for the same period in 1993. Merchandise margins, expressed as a percentage of sales, increased 4.4%, as the Company was less price promotional than a year earlier. However, the merchandise margin increase was partially offset by a .7% increase in buying and occupancy costs, expressed as a percentage of sales, primarily as a result of lower sales productivity associated with an 11% decrease in the women's businesses comparable store sales.

The 53-week 1995 gross income rate of 26.5% fell 2.4% below the rate for the 52-week fiscal year in 1994. Merchandise margins, expressed as a percentage of sales, decreased 1.6%, due to higher 1995 markdowns utilized principally in the Fall season for the reasons previously mentioned above. Buying and occupancy costs also increased .7% as a percentage of sales, primarily due to the lower sales productivity associated with the 3% decrease in comparable store sales in the women's businesses and a 5% decline in comparable store sales in the men's and kids' businesses. Again, an increase in paper prices and postage along with increased mailings of catalogues also increased the buying and occupancy rate.

The 1994 gross income rate of 28.9% increased 1.9% above the rate for 1993. Merchandise margins, expressed as a percentage of sales, increased 3.0%, due to the Company's less promotional pricing strategy. However, the merchandise margin increase was partially offset by increased buying and occupancy costs, which rose 1.2% as a percentage of sales, primarily due to the lower sales productivity associated with a 9% decrease in the women's businesses comparable store sales.

General, Administrative and Store Operating Expenses

General, administrative and store operating expenses, expressed as a percentage of sales, increased to 16.8% in the fourth quarter of 1995 from 15.4% in the same period of 1994, principally due to lower per store sales productivity.

These costs, expressed as a percentage of sales, were 18.7%, 18.0% and 17.4% for fiscal years 1995, 1994 and 1993. The increases in 1995 and 1994 were due to the lower sales productivity at both existing stores and new and remodeled stores. Despite the increase in rates, the Company expects to continue providing a high level of customer service, and accordingly is not intending to reduce selling payroll at the store level.

The Company anticipates that its general, administrative and store operating expense rate will increase throughout 1996 due to the sale of a 60% interest in the previously wholly-owned subsidiary World Financial Network National Bank, ("WFNNB"). Historically, finance charge income of WFNNB, net of expenses (excluding interest), was included as an element of general, administrative and store operating expenses.

Special and Nonrecurring Items

As described in Note 2 to the Consolidated Financial Statements, in the fourth quarter of 1995 the Company completed the sale of a 60% interest in its wholly-owned credit card bank, WFNNB, to the New York investment firm of Welsh, Carson, Anderson & Stowe ("WCAS"). The new joint venture, which is 40% owned by the Company, will focus on providing private-label and bank card transaction processing and database management services to the Company's private-label credit card operations and other retailers. WCAS purchased its interest for \$135 million and also made a \$30 million capital contribution to the new venture. The Company recognized a \$73.2 million pre-tax gain from the sale of WFNNB.

In addition, WFNNB's outstanding debt to the Company of approximately \$1.2 billion was repaid in January 1996 from the proceeds realized from the securitization of WFNNB's credit card receivables.

Along with the 60% sale of WFNNB, the Company recognized a special and nonrecurring charge during the fourth quarter of 1995 of approximately \$71.9 million. Of this amount, approximately \$45.6 million was to provide \$25.8 million for the closing of 26 stores and \$19.8 million for the downsizing of 33 stores, primarily Limited Stores and Lerner. These stores have been identified based on the profit performance of the store and assessment of the quality of real estate. The provision includes the net present value of rent payments through the date of closing, lease termination payments and approximately \$15 million representing the net book value of fixed assets. The remaining charge of approximately \$26.3 million represented the write-down to market or net realizable value of certain assets, including joint venture and other investments and receivables arising from nonoperating activities. The net pre-tax gain from these special and nonrecurring items was \$1.3 million.

During 1993, the Company also completed the sale of a 60% interest in its Brylane division for \$285 million in cash. This transaction was part of a program aimed at accelerating the growth of the retail businesses, which included the acceleration of the store remodeling, downsizing and closing program at Limited Stores and Lerner divisions and the refocusing of the merchandising strategy at the Henri Bendel division. The net pre-tax gain from these special and nonrecurring items was \$2.6 million.

The Company also announced a program to repurchase up to \$500 million of the Company's common stock over time as market conditions warrant. As of the end of fiscal year 1995, the Company had repurchased 9.3 million shares at a cost of \$159.9 million.

Operating Income

Operating income, as a percentage of sales, was 7.8%, 10.9% and 9.6% for fiscal years 1995, 1994 and 1993. The decrease in operating income in 1995 was due to lower merchandise margins resulting from higher markdowns and the inability to leverage both buying and occupancy costs and higher general, administrative and store operating expenses due to lower sales productivity. The increase in operating income in 1994 was primarily due to higher merchandise margins, partially offset by higher buying and occupancy costs and higher general, administrative and store operating expenses.

Interest Expense

	Fourth Quarter		Year		
	1995	1994	1995	1994	1993
Average Daily Borrowings (millions)	\$812.9	\$996.7	\$887.7	\$725.0	\$822.5
Average Effective Interest Rate	8.99%	7.84%	8.73%	8.33%	7.76%

Interest expense decreased by \$1.3 million in the fourth quarter and increased for all 1995 as compared to the comparable periods in 1994. The fourth quarter decrease was due to lower borrowing levels during the fourth quarter resulting from higher cash balances due to the IBI initial public offering and the WFNNB sale. For the year, higher borrowing levels resulted in increased interest costs of approximately \$8.6 million as compared to 1994. Higher borrowing levels for 1995 were primarily the result of \$250 million in short-term borrowings associated with IBI, which was repaid in October 1995 with the proceeds from the offering. In addition, higher interest rates increased costs approximately \$2.3 million and \$3.6 million during the fourth quarter and for all of 1995.

Gain on Sale of Subsidiary Stock

As discussed in Note 1 to the Consolidated Financial Statements, in 1995 the Company recognized a \$649.5 million gain which resulted from the initial public offering of 16.9% (42.7 million shares) of the stock of IBI. IBI consists of Victoria's Secret Stores, Victoria's Secret Catalogue, Bath & Body Works, Cacique, Penhaligon's and Gryphon. The gain recorded by the Company was not subject to tax. Minority interest of \$45.7 million at February 3, 1996 represents a 16.9% interest in the net equity of IBI.

Acquisition

Effective July 2, 1995, the Company acquired all of the outstanding common stock of Galyan's Trading Company, Inc. ("Galyan's") for \$18 million in cash and stock. Galyan's is a full-line sporting goods retailer operating six stores. The Company's financial statements for fiscal year 1995 include the results of operations of Galyan's since the acquisition date.

Financial Condition

The Company's balance sheet at February 3, 1996 provides continuing evidence of financial strength and flexibility. The Company's long-term debt-to-equity ratio declined to only 20.3% at the end of 1995, the current ratio reached a record 3.9 and net working capital was in excess of \$2 billion, primarily due to proceeds received from the initial public offering of IBI and the sale of WFNNB. In March 1996, the Company utilized \$1.615 billion of these proceeds in a self-tender offer to repurchase 85 million shares of its common stock at \$19.00 per share and set aside \$351.6 million of restricted cash to satisfy obligations under the terms of the Contingent Stock Redemption Agreement with its largest shareholder, who did not participate in the self-tender. After adjusting the aforementioned financial ratios for the impact of the self-tender, the Company's debt-to-equity ratio, current ratio and working capital would have been 41%, 1.7 and \$468 million. A more detailed discussion of liquidity, capital resources and capital requirements follows:

Liquidity and Capital Resources

Cash provided from operating activities, commercial paper backed by funds available under committed long-term credit agreements, and the Company's capital structure continue to provide the resources to support operations, including projected growth, seasonal requirements and capital expenditures. A summary of the Company's working capital position and capitalization follows (Thousands):

	Adjusted 1995	1995	1994	1993
Cash Provided by Operating Activities	\$ 356,732	\$ 356,732	\$ 361,078	\$ 448,139
Working Capital	\$ 468,457	\$2,083,457	\$1,725,416	\$1,490,840
Capitalization:				
Long-Term Debt	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000
Deferred Income Taxes	250,857	250,857	306,139	275,101
Shareholders' Equity	1,586,041	3,201,041	2,760,956	2,441,293
Total Capitalization	\$2,486,898	\$4,101,898	\$3,717,095	\$3,366,394
Additional Amounts Available Under Long-Term Credit Agreements	\$1,000,000	\$1,000,000	\$ 840,000	\$ 840,000

The Company considers the following to be several measures of liquidity and capital resources:

	Adjusted 1995	1995	1994	1993
Debt-to-Equity Ratio (Long-Term Debt Divided by Shareholders' Equity)	41%	20%	24%	27%
Debt-to-Capitalization Ratio (Long-Term Debt Divided by Total Capitalization)	26%	16%	17%	19%
Interest Coverage Ratio (Income [Excluding the Gain on Sale of Subsidiary Stock] Before Interest Expense, Depreciation, Amortization and Income Taxes Divided by Interest Expense)	12x	12x	16x	15x
Cash Flow to Capital Investment (Net Cash Provided by Operating Activities Divided by Capital Expenditures)	95%	95%	113%	151%

Adjusted 1995 reflects the impact of the \$1.615 billion repurchase of 85 million shares of common stock and their subsequent retirement.

Net cash provided by operating activities totaled \$356.7 million, \$361.1 million and \$448.1 million for 1995, 1994 and 1993 and continued to serve as the company's primary source of liquidity.

Cash requirements for accounts receivable were greater in 1994 and 1993 due to a higher growth rate in the number of new proprietary credit card holders. Cash requirements for inventories were lower in 1995 due to higher markdowns taken in the Fall to clear slow moving inventory and end the year with cleaner, fresher inventories. A decrease in income taxes payable in 1995 was the result of lower income tax provisions and payments associated with the 1995 earnings decrease, an increase in current deferred tax assets and payments approximately \$74 million toward IRS assessments.

Investing activities included capital expenditures, primarily for new and remodeled stores and the acquisition of Galyan's. In addition, 1995 included the proceeds from the securitization of WFNNB's credit card receivables of 1.2 billion (see Note 2) and the transfer of \$351.6 million to a restricted cash account (see Note 6).

Financing activities include proceeds and the repayment of \$250 million in short-term debt borrowed in connection with IBI and net proceeds of \$788.6 million from the IBI offering and the sale of a 60% interest in WFNNB (see Notes 1 and 2). Financing activities also included the repurchase of \$55.2 million of the Company's common stock, which represented 3.4 million shares. Cash dividends paid increased by \$14.2 million to \$.40 per share in 1995 versus \$.36 per share in 1994.

At February 3, 1996, the Company had available \$1 billion under its long-term credit agreements. In addition, the Company has the ability to offer up to \$250 million of additional debt securities and warrants to purchase debt securities under its shelf registration statement authorization.

Capital Expenditures

Capital expenditures amounted to \$374.4 million, \$319.7 million and \$295.8 million for 1995, 1994 and 1993, respectively, of which \$274.5 million, \$201.2 million and \$198.1 million was for new stores and remodeling and expanding existing stores. The Company spent \$10.7 million in 1994 for a catalogue telemarketing center in Kettering, Ohio to expand Victoria's Secret Catalogue operations.

The Company anticipates spending \$350-\$400 million for capital expenditures in 1996, of which \$220-\$260 million will be for new stores, the remodeling of existing stores and related improvements for the retail business. The Company expects that substantially all 1996 capital expenditures will be funded by net cash provided by operating activities.

The Company intends to add approximately 1.3 million selling square feet in 1996, which will represent a 5% increase over year-end 1995. It is anticipated the increase will result from the net addition of approximately 380 new stores and the remodeling of approximately 200 stores. A summary of stores and selling square feet by division for 1994 and 1995 and goals for 1996 follows:

	Goal-1996	1995	1994	Change from	
				1996-95	1995-94
Express					
Stores	764	737	716	27	21
Selling Sq. Ft.	4,803,000	4,588,000	4,357,000	215,000	231,000
Lerner New York					
Stores	806	835	846	(29)	(11)
Selling Sq. Ft.	6,117,000	6,393,000	6,580,000	(276,000)	(187,000)
Lane Bryant					
Stores	833	828	812	5	16
Selling Sq. Ft.	3,980,000	3,955,000	3,859,000	25,000	96,000
Limited Stores					
Stores	677	689	709	(12)	(20)
Selling Sq. Ft.	4,029,000	4,211,000	4,358,000	(182,000)	(147,000)
Henri Bendel					
Stores	6	4	4	2	0
Selling Sq. Ft.	111,000	88,000	93,000	23,000	(5,000)
Structure					
Stores	551	518	466	33	52
Selling Sq. Ft.	2,160,000	1,993,000	1,755,000	167,000	238,000
Abercrombie & Fitch Co.					
Stores	125	100	67	25	33
Selling Sq. Ft.	980,000	792,000	541,000	188,000	251,000
The Limited Too					
Stores	312	288	210	24	78
Selling Sq. Ft.	983,000	903,000	665,000	80,000	238,000
Galyan's					
Stores	9	6	--	3	6
Selling Sq. Ft.	490,000	250,000	--	240,000	250,000
Victoria's Secret Stores					
Stores	722	671	601	51	70
Selling Sq. Ft.	3,298,000	3,014,000	2,586,000	284,000	428,000
Bath & Body Works					
Stores	748	498	318	250	180
Selling Sq. Ft.	1,336,000	848,000	489,000	488,000	359,000
Cacique					
Stores	120	120	114	0	6
Selling Sq. Ft.	369,000	366,000	342,000	3,000	24,000
Penhaligon's					
Stores	4	4	4	0	0
Selling Sq. Ft.	2,000	2,000	2,000	0	0
Total Retail Divisions					
Stores	5,677	5,298	4,867	379	431
Selling Sq. Ft.	28,658,000	27,403,000	25,627,000	1,255,000	1,776,000

Impact of Inflation

The Company's results of operations and financial condition are presented based upon historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, the Company believes that the effects of inflation, if any, on the results of operations and financial condition have been minor.

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

The Company cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this Report, the Form 10-K or made by management of the Company involve risks and uncertainties, and are subject to change based on various important factors. The following factors, among others, in some cases have affected and in the future could affect the Company's financial performance and actual results and could cause actual results for 1996 and beyond to differ materially from those expressed or implied in any such forward-looking statements; changes in consumer spending patterns, consumer preferences and overall economic conditions, the impact of competition and pricing, changes in weather patterns, political stability, currency and exchange risks and changes in existing or potential duties, tariffs or quotas, postal rate increases and charges, paper and printing costs, availability of suitable store locations at appropriate terms, ability to develop new merchandise and ability to hire and train associates.

Consolidated Statements of Income
(Thousands except per share amounts)

	1995	1994	1993
Net Sales	\$ 7,881,437	\$ 7,320,792	\$ 7,245,088
Costs of Goods Sold, Occupancy and Buying Costs	(5,793,905)	(5,206,429)	(5,286,253)
Gross Income	2,087,532	2,114,363	1,958,835
General Administrative and Store Operating Expenses	(1,475,497)	(1,315,374)	(1,259,896)
Special and Nonrecurring Items, Net	1,314	--	2,617
Operating Income	613,349	798,989	701,556
Interest Expense	(77,537)	(65,381)	(63,865)
Other Income, Net	21,606	10,735	7,308
Minority Interest	(22,374)	--	--
Gain on Sale of Subsidiary Stock	649,467	--	--
Income Before Income Taxes	1,184,511	744,343	644,999
Provision for Income Taxes	223,000	296,000	254,000
Net Income	\$ 961,511	\$ 448,343	\$ 390,999
Net Income Per Share	\$ 2.68	\$ 1.25	\$ 1.08

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

Net Sales
(\$ Millions)
CAGR 13%
(Compound Annual Growth Rate, last ten years)

[GRAPH APPEARS HERE]

Net Income
(\$ Millions)
CAGR 8%

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Consolidated Statements of Shareholders' Equity
(Thousands)

Common Stock		
	Shares Outstanding	Par Value

Balance, January 30, 1993	362,648	\$189,727

Net Income	—	—
Cash Dividends	—	—
Purchase of Treasury Stock	(5,288)	—
Exercise of Stock Options and Other	441	—

Balance, January 29, 1994	357,801	\$189,727

Net Income	—	—
Cash Dividends	—	—
Purchase of Treasury Stock	(629)	—
Exercise of Stock Options and Other	432	—

Balance, January 28, 1995	357,604	\$189,727

Net Income	—	—
Cash Dividends	—	—
Purchase of Treasury Stock	(3,361)	—
Common Shares Subject to Contingent Stock Redemption Agreement	—	(9,375)
Stock Issued for Acquisition	730	—
Exercise of Stock Options and Other	393	—

Balance, February 3, 1996	355,366	\$180,352

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

Shareholders' Equity
(\$ Millions)
CAGR 23%

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Net Income per Share
(\$)
CAGR 8%

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50 The Limited, Inc.

Paid-In Capital	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
\$127,776	\$2,136,794	\$(186,680)	\$2,267,617
--	390,999	--	390,999
--	(130,681)	--	(130,681)
--	--	(93,328)	(93,328)
1,130	--	5,556	6,686
\$128,906	\$2,397,112	\$(274,452)	\$2,441,293
--	448,343	--	448,343
--	(128,939)	--	(128,939)
--	--	(11,382)	(11,382)
4,032	--	7,609	11,641
\$132,938	\$2,716,516	\$(278,225)	\$2,760,956
--	961,511	--	961,511
--	(143,091)	--	(143,091)
--	--	(55,239)	(55,239)
(7,639)	(334,586)	--	(351,600)
7,769	--	8,231	16,000
4,066	--	8,438	12,504
\$137,134	\$3,200,350	\$(316,795)	\$3,201,041

Working Capital
(\$ Millions)

[GRAPH APPEARS HERE]

Consolidated Balance Sheets
(Thousands)

Assets	Feb. 3, 1996	Jan. 28, 1995
Current Assets		
Cash and Equivalents	\$1,645,731	\$ 242,780
Accounts Receivable	77,516	1,292,399
Inventories	958,953	870,440
Other	117,832	117,352
Total Current Assets	2,800,032	2,522,971
Property and Equipment, Net	1,741,456	1,692,145
Restricted Cash	351,600	--
Other Assets	373,475	354,961
Total Assets	\$5,266,563	\$4,570,077
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts Payable	\$ 280,659	\$ 275,303
Accrued Expenses	388,818	372,676
Certificates of Deposit	--	25,200
Income Taxes	47,098	124,376
Total Current Liabilities	716,575	797,555
Long-Term Debt	650,000	650,000
Deferred Income Taxes	250,857	306,139
Other Long-Term Liabilities	50,791	55,427
Minority Interest	45,699	--
Contingent Stock Redemption Agreement	351,600	--
Shareholders' Equity		
Common Stock	180,352	189,727
Paid-In Capital	137,134	132,938
Retained Earnings	3,200,350	2,716,516
Total Shareholders' Equity	3,517,836	3,039,181
Less: Treasury Stock, at Cost	(316,795)	(278,225)
Total Liabilities and Shareholders' Equity	\$5,266,563	\$4,570,077

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

[PHOTO APPEARS HERE]

Consolidated Statements of Cash Flows
(Thousands)

	1995	1994	1993
Cash Flows from Operating Activities			
Net Income	\$ 961,511	\$ 448,343	\$ 390,999
Impact of Other Operating Activities on Cash Flows			
Depreciation and Amortization	285,889	267,888	271,353
Minority Interest, Net of Dividends Paid	17,250	--	--
Special and Nonrecurring Items, Net	(1,314)	--	(2,617)
Gain on Sale of Subsidiary Stock	(649,467)	--	--
Change in Assets and Liabilities			
Accounts Receivable	(104,121)	(235,488)	(219,534)
Inventories	(70,813)	(136,740)	70,006
Accounts Payable and Accrued Expenses	50,883	49,724	14,943
Income Taxes	(77,278)	30,887	20,773
Other Assets and Liabilities	(55,808)	(63,536)	(97,784)
Net Cash Provided by Operating Activities	356,732	361,078	448,139
Investing Activities			
Capital Expenditures	(374,374)	(319,676)	(295,804)
Business Acquired	(18,000)	--	--
Increase in Restricted Cash	(351,600)	--	--
Proceeds from Credit Card Securitization	1,212,630	--	--
Proceeds from Sale of Business	--	--	285,000
Tax Effect of Gain on Sale of Business	--	--	(64,750)
Net Cash Provided by (Used for) Investing Activities	468,656	(319,676)	(75,554)
Financing Activities			
Net Proceeds (Repayments) of Commercial Paper Borrowings and Certificates of Deposit	(25,200)	9,500	(25,939)
Proceeds from Short-Term Borrowings	250,000	--	--
Repayment of Short-Term Borrowings	(250,000)	--	--
Net Proceeds from Issuance and Sale of Subsidiaries' Stock	788,589	--	--
Repayments of Long-Term Debt	--	--	(100,000)
Proceeds from Issuance of Unsecured Notes	--	--	250,000
Dividends Paid	(143,091)	(128,939)	(130,681)
Purchase of Treasury Stock	(55,239)	(11,382)	(93,328)
Stock Options and Other	12,504	11,641	6,686
Net Cash Provided by (Used for) Financing Activities	577,563	(119,180)	(93,262)
Net Increase (Decrease) in Cash and Equivalents	1,402,951	(77,778)	279,323
Cash and Equivalents, Beginning of Year	242,780	320,558	41,235
Cash and Equivalents, End of Year	\$1,645,731	\$ 242,780	\$ 320,558

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

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of The Limited, Inc. (the "Company") and all significant subsidiaries which are more than 50% owned and controlled. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in other entities (including joint ventures) which are more than 20% owned are accounted for on the equity method.

Fiscal Year

The Company's fiscal year ends on the Saturday closest to January 31. Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences. The results for fiscal year 1995 represent the 53-week period ended February 3, 1996 and results for fiscal years 1994 and 1993 represent the 52-week periods ended January 28, 1995 and January 29, 1994.

Cash and Equivalents

Cash and equivalents include amounts on deposit with financial institutions and money market investments with maturities of less than 90 days.

Inventories

Inventories are principally valued at the lower of average cost or market, on a first-in first-out basis, utilizing the retail method.

Property and Equipment

Depreciation and amortization of property and equipment are computed for financial reporting purposes on a straight-line basis, using service lives ranging principally from 10-30 year for buildings and improvements and 3-10 years for other property and equipment. The cost of assets sold or retired and the related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss included in net income. Maintenance and repairs are charge to expenses as incurred. Major levels and betterments which extend service lives are capitalized.

Goodwill Amortization

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies and is amortized on a straight-line basis principally over 30 years.

Catalogue Costs and Advertising

Catalogue costs, primarily consisting of catalogue production and mailing costs, are amortized over the expected future revenue stream, which is principally from three to six months from the date catalogues are mailed. All other advertising costs are expensed at the time the promotion first appears in media or in the store. Catalogue and advertising costs amounted to \$237 million, \$179 million and \$131 million in 1995, 1994 and 1993.

Interest Rate Swap Agreements

The difference between the amount of interest to be paid and the amount of interest to be received under interest rate swap agreements due to changing interest rates is charged or credited to interest expense over the life of the swap agreement. Gains and losses from the disposition of swap agreements are deferred and amortized over the term of the related agreements.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") 109. "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse. Under SFAS 109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

Shareholders' Equity

Five hundred million shares of \$.50 par value common stock are authorized, of which 355.4 million and 357.6 million were outstanding, net of 24.1 million shares and 21.8 million shares held in treasury at February 3, 1996 and January 28, 1995.

Ten million shares of \$1.00 per value preferred stock are authorized, none of which have been issued.

On March 18, 1996, the Company completed the repurchase of 85 million shares of its common stock under a self-tender offer at \$19.00 per share. Approximately \$1.615 billion was paid in exchange for the outstanding shares which was funded by proceeds from a series of transactions that included 1) the initial public offering of a 16.9% interest in Intimate Brands, Inc. ("IBI"), 2) the securitization of World Financial Network National Bank ("WFNNB") credit card receivables and 3) the sale of a 60% equity interest in WFNNB.

Net Income Per Share

Net income per share is computed based upon the weighted average number of outstanding common shares, including the effect of stock options. There were 358.4 million, 358.6 million and 363.2 million weighted average outstanding shares for 1995, 1994 and 1993.

Issuance of Subsidiary Stock

Gains or losses resulting from stock issued by a subsidiary of the Company are recognized in current year's income. In 1995, the Company recognized a \$649.5 million gain which resulted from the initial public offering of a 16.9% interest (42.7 million shares) in the outstanding shares of IBI. IBI consists of the Victoria's Secret Stores, Victoria's Secret Catalogue, Bath & Body Works, Cacique, Penhaligon's and Gryphon businesses. The gain recorded by the Company was not subject to tax.

Minority interest of \$45.7 million at February 3, 1996 represents a 16.9% interest in the net equity of IBI. A more detailed discussion of this matter is included under the heading "Gain on Sale of Subsidiary Stock" in Management's Discussion and Analysis on page 46 of this Annual Report.

Adoption of New Accounting Standards

During March 1995, the Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of ." The Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. Management evaluates the recoverability of goodwill and other long-lived assets and several factors are used in the valuation including, but not limited to, management's plans for future operations, recent operating results and projected cash flows. The Company adopted SFAS No. 121 in the first quarter of 1995, the adoption of which did not have a material adverse effect on the results of operations or financial condition.

In October 1995, the Financial Accounting Standard Board issued SFAS No. 123, "Accounting for Stock-Based Compensation." The Company will adopt the new disclosure requirements beginning with fiscal year 1996.

Use of Estimates in the Preparation of Financial Statements

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

2. Special and Nonrecurring Items

In the fourth quarter of 1995, the Company completed the sale of a 60% interest in its wholly-owned credit card bank, WFNNB, to the New York investment firm of Welsh, Carson, Anderson & Stowe ("WCAS"). The transaction resulted in the formation of a joint venture which will focus on providing private-label and bank card transaction processing and database management services to retailers. Including the Company's private-label credit card operations. WCAS purchased its interest from the Company for \$135 million and also made a \$30 million capital contribution to the new venture. As a result of these transactions, the Company recognized a \$73.2 million pre-tax gain from the sale of WFNNB.

During the fourth quarter of 1995, the Company elected to use \$45.6 million of the proceeds to provide for the accelerated closing and downsizing of stores in 1996, primarily at Limited Stores and Lerner divisions, and provided approximately \$26.3 million for the write-down to net realizable value of certain assets, including joint venture and other investments and receivables arising from non-operating activities. The sale of a 60% equity interest in WFNNB, together with the aforementioned real estate charges and the revaluation of certain assets resulted in a special and nonrecurring net pre-tax gain of \$1.3 million.

The total assets, net assets and net income of WFNNB in 1995 and 1994 were \$201 million and \$1,255 million, \$141 million and \$96 million, and \$29 million and \$34 million, respectively.

During the third quarter of 1993, the Company approved a plan which included the following components: the sale of a 60% interest in the Brylane mail order business; the acceleration of the store remodeling, downsizing and closing program at Limited Stores and Lerner divisions; and the refocusing of the merchandise strategy at the Henri Bendel division. The net pre-tax gain from these special and nonrecurring items was \$2.6 million. The Company completed this program in 1995.

A further discussion of these matters is included under the heading "Special and Nonrecurring Items" in Management's Discussion and Analysis on page 45 of this Annual Report.

3. Accounts Receivable

Accounts receivable consisted of (Thousands):

	1995	1994
Deferred Payment Accounts	--	\$1,250,636
Trade and Other	\$77,516	86,709
Allowance for Uncollectible Accounts	--	(44,946)
	\$77,516	\$1,292,399

As discussed in Note 2, the Company completed the sale of a 60% interest in WFNNB in the fourth quarter of 1995. In addition, WFNNB's outstanding debt to the Company of approximately \$1.2 billion was repaid from the proceeds realized from the securitization of WFNNB's credit card receivables.

As a result of the sale of WFNNB and the securitization of the credit card receivables, a substantial portion of the deferred payment accounts were transferred to a special purpose entity which facilitated the asset securitization, and any remaining deferred payment accounts, net of an allowance for uncollectible accounts, were held by the WFNNB joint venture.

Finance charge revenue on the deferred payment accounts amounted to \$235.6 million, \$233.9 million and \$174.5 million in 1995, 1994 and 1993, and the provision for uncollectible accounts amounted to \$91.4 million, \$72.7 million and \$50.8 million in 1995, 1994 and 1993. These amounts are classified as components of the cost to administer the deferred payment program and are included in general, administrative and store operating expenses.

4. Property and Equipment

Property and equipment, at cost, consisted of (Thousands):

	1995	1994
Land, Buildings and Improvements	\$ 535,061	\$ 510,563
Furniture, Fixtures and Equipment	1,794,612	1,714,587
Leaseholds and Improvements	609,253	515,226
Construction in Progress	79,831	58,039
	3,018,757	2,798,415
Less: Accumulated Depreciation and Amortization	1,277,301	1,106,270
Property and Equipment, Net	\$1,741,456	\$1,692,145

5. Leased Facilities and Commitments

Annual store rent is comprised of a fixed minimum amount, plus contingent rent based upon a percentage of sales exceeding a stipulated amount. Store lease terms generally require additional payments covering taxes, common area costs and certain other expenses.

A summary of rent expenses for 1995, 1994 and 1993 follows (Thousands):

	1995	1994	1993
Store rent:			
Fixed Minimum	\$643,200	\$586,437	\$540,381
Contingent	18,812	17,522	19,727
Total Store Rent	662,012	603,959	560,108
Equipment and Other	26,101	27,710	31,897
Total Rent Expense	\$688,113	\$631,669	\$592,005

At February 3, 1996 the Company was committed to noncancelable leases with remaining terms of one to forty years. A substantial portion of these commitments are store leases with initial terms ranging from ten to twenty years, with options to renew at varying terms. Accrued rent expense was \$102.2 million and \$116.5 million at February 3, 1996 and January 28, 1995.

A summary of minimum rent commitments under noncancelable leases follows (Thousands):

1996	\$ 659,259
1997	642,450
1998	620,372
1999	596,387
2000	578,913
Thereafter	\$2,878,037

6. Restricted Cash

At February 3, 1996, Special Funding, Inc., a wholly-owned subsidiary of the Company, had \$351.6 million of restricted cash invested in short-term, highly liquid securities. This amount is classified as a non-current asset, since it has been reserved for use in the event that The Wexner Children's Trust, established by Leslie H. Wexner, the Company's principal shareholder, exercises its opportunity to require the Company to redeem, or the Company exercises its opportunity to redeem from the Trust, shares of The Limited, Inc. common stock in accordance with the terms of the Contingent Stock Redemption Agreement. Interest earnings on the segregated cash will accrue to the Company. (See Note 9.)

7. Long-Term Debt

Unsecured long-term debt consisted of (Thousands):

	1995	1994
7 1/2% Debentures Due March 2023	\$250,000	\$250,000
7 4/5% Debentures Due May 2002	150,000	150,000
9 1/8% Notes Due February 2001	150,000	150,000
8 7/8% Notes Due August 1999	100,000	100,000
	\$650,000	\$650,000

Effective December 15, 1995, (the "Effective Date"), the Company replaced two revolving credit agreements totaling \$840 million with a \$1 billion unsecured credit agreement (the "Agreement"). Borrowings outstanding under the Agreement are due December 14, 2000. However, the revolving term of the Agreement may be extended an additional two years upon notification by the Company on the second and fourth anniversaries of the Effective Date, subject to the approval of the lending banks. The Agreement has several borrowing options, including interest rates which are based on either the lender's "Base Rate," as defined, LIBOR, CD based options or at a rate submitted under a bidding process. Facilities fees payable under the Agreement are based on the Company's long-term credit ratings, and currently approximate 1/8% of the committed amount per annum. The Agreement contains covenants relating to the Company's working capital, debt and net worth. No amounts were outstanding under the Agreement at February 3, 1996.

The Agreement supports the Company's commercial paper program which is used from time to time to fund working capital and other general corporate requirements. No commercial paper was outstanding at February 3, 1996.

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Up to \$250 million of debt securities and warrants to purchase debt securities may be issued under the Company's shelf registration statement.

The Company periodically enters into interest rate swap agreements with the intent to manage interest rate exposure. At February 3, 1996, the Company had two interest rate swap positions outstanding, each having a \$100 million notional principal amount. One contract effectively changed the Company's interest rate exposure on \$100 million of variable rate debt to a fixed rate of 8.09% through July 2000. The remaining contract, which expired in February 1996, effectively changed the interest rate on \$100 million of fixed rate debt to a variable rate.

Long-term debt maturities within the next five years consist of \$100 million which matures in 1999 and \$150 million which matures in 2000. Interest paid approximated \$88.4 million, \$64.7 million and \$57.4 million in 1995, 1994 and 1993.

8. Income Taxes

The provision for income taxes consisted of (Thousands):

	1995	1994	1993
Currently Payable:			
Federal	\$190,900	\$231,000	\$249,400
State	24,700	32,000	35,100
Foreign	4,500	4,100	6,400
	220,100	267,100	290,900
Deferred:			
Federal	(9,400)	12,900	(41,800)
State	12,300	16,000	4,900
	2,900	28,900	(36,900)
Total Provision	\$223,000	\$296,000	\$254,000

The foreign component of pre-tax income, arising principally from overseas sourcing operations, was \$60.8 million, \$40.9 million and \$54.8 million in 1995, 1994 and 1993.

A reconciliation between the statutory Federal income tax rate and the effective income tax rate on pre-tax earnings excluding the non-taxable gain from sale of subsidiary stock follows:

	1995	1994	1993
Federal Income Tax Rate	35.0%	35.0%	35.0%
Minority Interest	1.5	--	--
State Income Tax, Net of Federal Income Tax Effect	4.5	4.2	4.0
Other Items, Net	.7	.6	.4
	41.7%	39.8%	39.4%

Income taxes payable included net current deferred tax assets of \$109.5 million and \$44.5 million at February 3, 1996 and January 28, 1995. The effect of temporary differences which give rise to deferred income tax balances was as follows (Thousands):

	1995			1994		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Excess of Tax Over						
Book Depreciation	--	\$ (39,190)	\$ (39,190)	--	\$ (156,208)	\$ (156,208)
Undistributed Earnings of Foreign Affiliate	--	(125,511)	(125,511)	--	(109,350)	(109,350)
Investment in Affiliate	--	(37,115)	(37,115)	--	(28,056)	(28,056)
State Income Taxes	\$22,875	--	22,875	\$12,595	--	12,595
Bad Debt Reserve	--	--	--	18,678	--	18,678
Special and Nonrecurring Items	28,919	--	28,919	18,912	--	18,912
Other	28,571	(19,876)	8,695	30,170	(48,385)	(18,215)
Total Deferred Income Taxes	\$80,365	\$ (221,692)	\$ (141,327)	\$80,355	\$ (341,999)	\$ (261,644)

Income tax payments approximated \$306.1 million, \$320.9 million and \$291.3 million for 1995, 1994 and 1993.

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The Internal Revenue Service has assessed the Company for additional taxes and interest for years 1989-1992. The assessment was based primarily on the treatment of transactions involving the Company's foreign operations and construction allowances. Although a \$65 million deposit has been made to mitigate further interest being assessed, the Company strongly disagrees with the assessment and is vigorously contesting the matter. Management believes resolution of this matter will not have a material adverse effect on the Company's results of operations or financial condition.

9. Contingent Stock Redemption Agreement

In connection with the reconfiguration of the business, the Company purchased from shareholders via a self-tender offer, 85 million shares of The Limited Inc. stock for approximately \$1.615 billion on March 18, 1996. Leslie H. Wexner, Chairman and CEO of the Company, as well as the Company's founder and principal shareholder, did not participate in the self-tender. However, the Company has entered into an agreement which provides The Wexner Children's Trust the opportunity, commencing on February 1, 1998, and for a period of three years there-after (the exercise period), to require the Company to redeem up to 18.75 million shares for a price per share equal to \$18.75 (a price equal to the price per share paid in the self-tender less \$.25 per share). Under certain circumstances, lenders to the Trust, if any, may exercise this opportunity, beginning February 1, 1997. The Company received the opportunity to redeem an equivalent number of shares from the Trust at \$25.07 per share for a period beginning on August 1, 2001 and for six months thereafter. As a result of these events, the Company has transferred \$351.6 million to temporary equity identified as Contingent Stock Redemption Agreement in the Consolidated Balance Sheet as of February 3, 1996. In addition, approximately \$351.6 million has been designated as restricted cash to consummate either of the above rights. (See Note 6.) The terms of this agreement were approved by the Company's Board of Directors.

10. Stock Options and Restricted Stock

Stock options are granted to officers and key employees based upon fair market value at the date of grant. In 1995, the Company established a stock option plan for officers and key associates of IBI. In connection with the IBI initial public offering, associates of IBI were permitted to exchange on a fair value basis 1995 The Limited, Inc. stock options for stock options granted by IBI. Cancellations during 1995 include 347,500 shares granted to IBI associates which were exchanged for options of IBI common stock. A summary of option activity for 1993, 1994 and 1995 follows:

	Number of Shares	Weighted Average Option Price Per Share
Outstanding Options, January 30, 1993	5,514,000	\$18.57
Activity During 1993: Granted	2,457,000	21.74
Exercised	(431,000)	12.22
Canceled	(357,000)	22.32
Outstanding Options, January 29, 1994	7,183,000	\$19.87
Activity During 1994: Granted	2,122,000	17.19
Exercised	(393,000)	11.44
Canceled	(498,000)	21.49
Outstanding Options, January 28, 1995	8,414,000	\$19.56
Activity During 1995: Granted	2,196,000	17.81
Exercised	(280,000)	12.43
Cancelled	(1,188,000)	19.90
Outstanding Options, February 3, 1996	9,142,000	\$19.32

The Company had approximately .9 million shares available for grant for The Limited, Inc. stock options at February 3, 1996 as compared to 2.2 million shares available at January 28, 1995 and 5.3 million shares available at January 29, 1994. Approximately 9.1 million shares of the Company's common stock were reserved for outstanding options, of which 4.8 million were exercisable as of February 3, 1996.

In 1995 and 1994, approximately 569,000 and 848,000 restricted shares of the Company's common stock were granted to certain officers and key associates. The Market value of the shares at the date of grant amounted to \$10.0 million in 1995 and \$16.7 million in 1994 and is recorded within treasury stock in the

accompanying Consolidated Financial Statements. The market value is being amortized as compensation expense over the vesting period which ranges from four to ten years. Compensation expense of \$9.1 million, \$7.3 million and \$1.3 million was recorded in 1995, 1994 and 1993. In 1995, 129,000 restricted shares which had been granted to IBI associates were canceled and exchanged, on a fair value basis, for IBI restricted stock.

11. Retirement Benefits

The Company sponsors a defined contribution retirement plan. Participation in this plan is available to all associates who have completed 1,000 or more hours of service with the Company during certain 12-month periods and attained the age of 21. Company contributions to this plan are based on a percentage of the associates' annual compensation. The cost of this plan was \$30.5 million in 1995, \$26.7 million in 1994 and \$25.9 million in 1993.

12. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Current assets, current liabilities and restricted cash

The carrying value of cash equivalents, restricted cash, short-term borrowings, accounts payable and accrued expenses approximates fair value because of their short maturity. The carrying amount of the credit card receivables approximates fair value due to the short maturity and because the average interest rate approximates current market origination rates.

Long-term debt

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

Interest rate swap agreement

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The estimated fair values of the Company's financial instruments are as follows (Thousands):

	1995		1994	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt	\$(650,000)	\$(645,180)	\$(650,000)	\$(650,540)
Interest Rate Swaps	\$ (793)	\$(10,194)	\$ (886)	\$(5,970)

13. Quarterly Financial Data (Unaudited)

Summarized quarterly financial results for 1995 and 1994 follow (Thousands except per share amounts):

	First	Second	Third	Fourth
1995 Quarter				
Net Sales	\$1,588,134	\$1,718,643	\$1,803,295	\$2,771,365
Gross Income	402,666	423,696	452,958	808,212
Net Income	39,211	48,762	657,313	216,225
Net Income Per Share	0.11	0.14	1.83	0.60
Net Income Per Share (Excluding Gain on Sale of Subsidiary Stock)	\$ 0.11	\$ 0.14	0.12	0.50
1994 Quarter				
Net Sales	\$1,481,628	\$1,585,392	\$1,715,716	\$2,538,596
Gross Income	384,931	402,666	495,295	831,471
Net Income	47,276	53,832	90,490	256,745
Net Income Per Share	\$ 0.13	\$ 0.15	\$ 0.25	\$ 0.72

Market Price and Dividend Information

	Market Price		Cash Dividend
	High	Low	Per Share

Fiscal Year 1995			
4th Quarter	\$19 1/2	\$15 1/4	\$.10
3rd Quarter	21 1/2	17 7/8	.10
2nd Quarter	22 7/8	20	.10
1st Quarter	\$23 1/4	\$16 5/8	\$.10

Fiscal Year 1994			
4th Quarter	\$21 3/8	\$16 7/8	\$.09
3rd Quarter	21 5/8	17 1/4	.09
2nd Quarter	20	16 7/8	.09
1st Quarter	\$22 1/4	\$16 3/4	\$.09

The Company's common stock is traded on the New York Stock Exchange ("LTD") and the London Stock Exchange. On February 3, 1996, there were 74,895 shareholders of record. However, when including active associates who participate in the Company's stock purchase plan, associates who own shares through Company sponsored retirement plans and others holding shares in broker accounts under street name, the Company estimates the shareholder base at approximately 128,000.

Report of Independent Accountants

To the Board of Directors
and Shareholders of
The Limited, Inc.

We have audited the accompanying consolidated balance sheets of The Limited, Inc. and subsidiaries as of February 3, 1996 and January 28, 1995, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three fiscal years in the period ended February 3, 1996 (appearing on pages 49 through 61). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Limited, Inc. and subsidiaries as of February 3, 1996 and January 28, 1995 and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended February 3, 1996 in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.
Columbus, Ohio
February 26, 1996, except for paragraph 11 in Note 1 and Note 9, as to which the date is March 18, 1996.

[PHOTO APPEARS HERE]

SUBSIDIARIES OF THE REGISTRANT

Subsidiaries (a)	Jurisdiction of Incorporation
-----	-----
Express, Inc. (b)	Delaware
Lerner New York, Inc. (c)	Delaware
Lane Bryant, Inc. (d)	Delaware
The Limited London-Paris-New York, Inc. (e)	Delaware
Henri Bendel, Inc. (f)	Delaware
Structure, Inc. (g)	Delaware
Abercrombie & Fitch, Inc. (h)	Delaware
Limited Too, Inc. (i)	Delaware
Galyan's Trading Co., Inc. (j)	Indiana
Mast Industries, Inc. (k)	Delaware
Mast Industries (Far East) Limited (l)	Hong Kong
Limited Distribution Services, Inc. (m)	Delaware
Limited Service Corporation (n)	Delaware
Womanco Service Corporation (o)	Delaware
Victoria's Secret Stores, Inc. (p)	Delaware
Victoria's Secret Catalogue, Inc. (q)	Delaware
Bath & Body Works, Inc. (r)	Delaware
Cacique, Inc. (s)	Delaware
Penhaligon's Limited (t)	United Kingdom
Gryphon Development, Inc. (u)	Delaware
Intimate Brands, Inc. Service Corporation (v)	Delaware
Intimate Brands, Inc. (w)	Delaware

- (a) The names of certain subsidiaries are omitted since such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of February 3, 1996.
- (b) Express, Inc. is a wholly-owned subsidiary of Express Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (c) Lerner New York, Inc. is a wholly-owned subsidiary of Lerner Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (d) Lane Bryant, Inc. is a wholly-owned subsidiary of Lane Bryant Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (e) The Limited London-Paris-New York, Inc. is a wholly-owned subsidiary of LIM Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (f) Henri Bendel, Inc. is a wholly-owned subsidiary of Henri Bendel Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (g) Structure, Inc. is a wholly-owned subsidiary of Structure Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (h) Abercrombie & Fitch, Inc. is a wholly-owned subsidiary of Abercrombie & Fitch Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.

- (i) Limited Too, Inc. is a wholly-owned subsidiary of Limited Too Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (j) Galyan's Trading Co., Inc. is a wholly-owned subsidiary of Galyan's Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (k) Mast Industries, Inc. is a wholly-owned subsidiary of Mast Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (l) Mast Industries (Far East) Limited is a wholly-owned subsidiary of Mast Industries, Inc.
- (m) Limited Distribution Services, Inc. is a wholly-owned subsidiary of LTDSP, Inc., a Delaware corporation and a wholly-owned subsidiary of the registrant.
- (n) Limited Service Corporation is a wholly-owned subsidiary of the registrant.
- (o) Womanco Service Corporation is a wholly-owned subsidiary of the registrant.
- (p) Victoria's Secret Stores, Inc. is a wholly-owned subsidiary of Victoria's Secret Stores Holding Corporation, a Delaware corporation, which is a wholly-owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (q) Victoria's Secret Catalogue, Inc. is a wholly-owned subsidiary of Victoria's Secret Catalogue Holding Corporation, a Delaware corporation, which is a wholly-owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (r) Bath & Body Works, Inc. is a wholly-owned subsidiary of Bath & Body Works Holding Corporation, a Delaware corporation, which is a wholly-owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (s) Cacique, Inc. is a wholly-owned subsidiary of Cacique Holding Corporation, a Delaware corporation, which is a wholly-owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (t) Penhaligon's Limited is a wholly-owned subsidiary of Penhal Investments, Inc., a Delaware corporation, which is a wholly-owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (u) Gryphon Development, Inc. is a wholly-owned subsidiary of Gryphon Holding Corporation, a Delaware corporation, which is a wholly-owned subsidiary of Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (v) Intimate Brands Service Corporation is a wholly-owned subsidiary of the Intimate Brands, Inc., a Delaware corporation and a majority owned subsidiary of the Company.
- (w) Intimate Brands, Inc. is a majority owned subsidiary of the Company.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of The Limited, Inc. on Form S-8, Registration Nos. 33-18533, 33-25005, 2-92277, 33-24829, 33-24507, 33-24828, 2-95788, 2-88919, 33-24518, 33-6965, 33-14049, 33-22844, 33-44041, 33-49871 and the registration statements on Form S-3, Registration Nos. 33-20788, 33-31540, 33-43832 and 33-53366 of our report dated February 26, 1996, except for paragraph 11 in Note 1 and Note 9, as to which the date is March 18, 1996, on our audits of the consolidated financial statements and financial statement schedule of The Limited, Inc. and Subsidiaries as of February 3, 1996, and January 28, 1995, and for the fiscal years ended February 3, 1996, January 28, 1995, and January 29, 1994, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Columbus, Ohio
May 1, 1996

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ LESLIE H. WEXNER

Leslie H. Wexner

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ KENNETH B. GILMAN

Kenneth B. Gilman

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ BELLA WEXNER

Bella Wexner

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ MICHAEL A. WEISS

Michael A. Weiss

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ MARTIN TRUST

Martin Trust

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ EUGENE M. FREEDMAN

Eugene M. Freedman

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

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EXECUTED as of the 26th day of January, 1996.

/s/ E. GORDON GEE

E. Gordon Gee

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

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EXECUTED as of the 26th day of January, 1996.

/s/ THOMAS G. HOPKINS

Thomas G. Hopkins

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ DAVID T. KOLLAT

David T. Kollat

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

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EXECUTED as of the 26th day of January, 1996.

/s/ CLAUDINE MALONE

Claudine Malone

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ DONALD B. SHACKELFORD

Donald B. Shackelford

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ ALLAN R. TESSLER

Allan R. Tessler

POWER OF ATTORNEY
OFFICERS AND DIRECTORS OF
THE LIMITED, INC.

The undersigned officer and/or director of The Limited, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its 1995 fiscal year under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, D.C., hereby constitutes and appoints Leslie H. Wexner and Kenneth B. Gilman, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 26th day of January, 1996.

/s/ RAYMOND ZIMMERMAN

Raymond Zimmerman

This schedule contains summary financial information extracted from the Consolidated Financial Statements of The Limited, Inc. and Subsidiaries for the year ended February 3, 1996 and is qualified in its entirety by reference to such financial statements.

1,000

YEAR	
	FEB-03-1996
	JAN-29-1995
	FEB-03-1996
	1,645,731
	0
	77,516
	0
	958,953
	2,800,032
	3,018,757
	1,277,301
	5,266,563
716,575	
	650,000
	180,352
0	
	0
	3,020,689
5,266,563	
	7,881,437
	7,881,437
	5,793,905
	5,793,905
	1,475,497
	0
	77,537
	1,184,511
	223,000
961,511	
	0
	0
	0
	961,511
	2.68
	2.68

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Plan Administrator of The Limited,
Inc. Savings and Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of The Limited, Inc. Savings and Retirement Plan as of December 31, 1995 and 1994, and the related statements of changes in net assets available for benefits for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1995 and 1994, and the changes in net assets available for benefits for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

/s/ Ary, Earman and Roepcke

Ary, Earman and Roepcke

Columbus, Ohio,
March 18, 1996.

THE LIMITED, INC. SAVINGS AND RETIREMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1995

ASSETS	TOTAL	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund	Wellington Fund
Investments, at Fair Value:						
Determined by Quoted Market Price:						
Common Stock of The Limited, Inc. (Cost \$36,237,327)	\$ 69,418,465	\$ 69,418,465	\$ -	\$ -	\$ -	\$ -
Vanguard Indexed Mutual Fund (Cost \$28,215,245)	36,781,237	-	-	36,781,237	-	-
Vanguard World Mutual Fund (Cost \$22,450,170)	28,568,077	-	-	-	28,568,077	-
Vanguard Wellington Fund (Cost \$2,688,763)	2,810,545	-	-	-	-	2,810,545
Determined By Contract Value:						
Guaranteed Investment Contracts:						
Vanguard Investment Contract Trust	70,972,869	-	70,972,869	-	-	-
Metropolitan Life Insurance	7,064,772	-	7,064,772	-	-	-
Temporary Investments (Cost Approximates Fair Value)	29,917	209	29,708	-	-	-
Total Investments	215,645,882	69,418,674	78,067,349	36,781,237	28,568,077	2,810,545
Contribution Receivable from Employers	21,814,605	3,121,459	10,109,934	4,317,439	3,491,987	773,786
Receivable from Employers for Withheld Participants' Contributions	1,417,49	227,262	522,163	331,820	263,791	72,461
Due from Brokers	46,096	46,096	-	-	-	-
Interfund Transfers	-	(122,205)	(6,207)	(50,186)	33,824	144,774
Accrued Interest and Dividends	3,174	541	1,760	421	418	34
Other Assets	976	-	-	424	483	69
Total Assets	238,928,230	72,691,827	88,694,999	41,381,155	32,358,580	3,801,669
LIABILITIES						
Other Liabilities	26,894	-	26,894	-	-	-
Administrative Fees Payable	392,065	129,381	141,144	66,651	50,968	3,921
Total Liabilities	418,959	129,381	168,038	66,651	50,968	3,921
NET ASSETS AVAILABLE FOR BENEFITS	\$238,509,271	\$ 72,562,446	\$ 88,526,961	\$ 41,314,504	\$ 32,307,612	\$ 3,797,748

The accompanying notes are an integral part of this financial statements.

THE LIMITED, INC. SAVINGS AND RETIREMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1994

ASSETS	TOTAL	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund
Investments, at Fair Value:					
Determined by Quoted Market Price					
Common Stock of The Limited, Inc. (Cost \$31,473,031)	\$ 74,213,936	\$ 74,213,936	\$ -	\$ -	\$ -
Vanguard Indexed Mutual Fund (Cost \$21,363,025)	22,393,334	-	-	22,393,334	-
Vanguard World Mutual Fund (Cost \$16,934,527)	17,568,066	-	-	-	17,568,066
Determined By Contract Value:					
Guaranteed Investment Contracts:					
Vanguard Investment Contract Trust	54,831,553	-	54,831,553	-	-
Metropolitan Life Insurance	12,983,134	-	12,983,134	-	-
Temporary Investments (Cost Approximates Fair Value)	38,054	10,693	21,013	3,000	3,348
Total Investments	182,028,077	74,224,629	67,835,700	22,396,334	17,571,414
Contribution Receivable from Employers	16,899,542	2,706,921	8,659,768	3,198,332	2,334,521
Receivable from Employers for Withheld Participants' Contributions	936,072	147,762	351,168	264,962	172,180
Due from Brokers	1,406,791	1,406,791	-	-	-
Interfund Transfers	-	(916,433)	408,641	456,929	50,863
Accrued Interest and Dividends	2,622	1,287	771	291	273
Other Assets	412	-	-	-	412
Total Assets	201,273,516	77,570,957	77,256,048	26,316,848	20,129,663
LIABILITIES					
Administrative Fees Payable	372,240	161,033	134,051	43,429	33,727
NET ASSETS AVAILABLE FOR BENEFITS	\$200,901,276	\$ 77,409,924	\$ 77,121,997	\$ 26,273,419	\$ 20,095,936

The accompanying notes are an integral part of this financial statement.

THE LIMITED, INC. SAVINGS AND RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1995

ASSETS	TOTAL	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund	Wellington Fund
Investment Income:						
Increase (Decrease) in Net Unrealized Appreciation	\$ 7,426,953	\$ (5,714,880)	\$ -	\$ 7,535,683	\$ 5,484,368	\$ 121,782
Realized Gain on Sale of Securities	3,567,665	1,581,946	-	1,096,390	877,023	12,306
Interest	4,771,693	10,190	4,752,866	4,761	3,726	150
Dividends	1,632,728	1,632,728	-	-	-	-
Mutual Funds' Earnings	2,054,249	-	-	832,487	1,151,646	70,116
Total Investment Income (Loss)	19,453,288	(2,490,016)	4,752,866	9,469,321	7,516,763	204,354
Contributions:						
Employers	29,943,002	4,142,615	13,472,869	6,246,002	4,928,087	1,153,429
Participants	13,909,162	2,380,938	4,899,509	3,466,763	2,694,626	467,326
Total Contributions	43,852,164	6,523,553	18,372,378	9,712,765	7,622,713	1,620,755
Interfund Transfers	-	(775,658)	(1,604,380)	(28,051)	378,900	2,029,189
Administrative Expense	(1,017,651)	(384,338)	(357,753)	(153,254)	(117,880)	(4,426)
Benefits to Participants	(24,679,806)	(7,721,019)	(9,758,147)	(3,959,696)	(3,188,820)	(52,124)
Increase (Decrease) in Net Assets Available for Benefits	37,607,995	(4,847,478)	11,404,964	15,041,085	12,211,676	3,797,748
Beginning Net Assets Available for Benefits	200,901,276	77,409,924	77,121,997	26,273,419	20,095,936	-
Ending Net Assets Available for Benefits	\$238,509,271	\$ 72,562,446	\$ 88,526,961	\$ 41,314,504	\$ 32,307,612	\$ 3,797,748

The accompanying notes are an integral part of this financial statement.

THE LIMITED, INC. SAVINGS AND RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1994

ASSETS	TOTAL	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund
Investment Income:					
Increase (Decrease) in Net					
Unrealized Appreciation	\$ 1,716,786	\$ 1,918,510	\$ -	\$ (568,121)	\$ 366,397
Realized Gain on Sale of Securities	3,033,768	2,781,458	-	206,695	45,615
Interest	4,123,855	9,181	4,110,632	2,223	1,819
Dividends	1,575,897	1,575,897	-	-	-
Mutual Funds' Earnings	864,642	-	-	661,477	203,165
Total Investment Income	11,314,948	6,285,046	4,110,632	302,274	616,996
Contributions:					
Employers	23,236,673	4,220,346	11,221,074	4,509,396	3,285,857
Participants	10,745,605	2,466,228	3,919,556	2,532,832	1,826,989
Total Contributions	33,982,278	6,686,574	15,140,630	7,042,228	5,112,846
Transfer of Participants' Account Balances to Former Affiliate's Plan	(37,482)	(14)	(37,468)	-	-
Interfund Transfers	-	(1,149,559)	231,825	879,225	38,509
Administrative Expense	(755,565)	(335,032)	(270,359)	(84,273)	(65,901)
Benefits to Participants	(29,091,678)	(13,430,138)	(11,480,188)	(2,305,551)	(1,875,801)
Increase (Decrease) in Net Assets Available for Benefits	15,412,501	(1,943,123)	7,695,072	5,833,903	3,826,649
Beginning Net Assets Available for Benefits	185,488,775	79,353,047	69,426,925	20,439,516	16,269,287
Ending Net Assets Available for Benefits	\$200,901,276	\$ 77,409,924	\$ 77,121,997	\$ 26,273,419	\$ 20,095,936

The accompanying notes are an integral part of this financial statement.

THE LIMITED, INC. SAVINGS AND RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1993

ASSETS	Total	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund
Investment Income:					
Increase (Decrease) in Net Unrealized Appreciation	\$(51,165,802)	\$(51,222,621)	\$ -	\$ 537,811	\$ (480,992)
Realized Gain on Sale of Securities	4,073,977	3,367,169	-	636,926	69,882
Interest	4,439,846	6,689	4,429,569	1,880	1,708
Dividends	1,783,025	1,783,025	-	-	-
Mutual Funds' Earnings	657,135	-	-	464,994	192,141
Total Investment Income (Loss)	(40,211,819)	(46,065,738)	4,429,569	1,641,611	(217,261)
Contributions:					
Employers	23,371,564	5,561,152	11,270,178	3,496,942	3,043,292
Participants	10,428,961	3,098,271	3,790,368	1,934,509	1,605,813
Total Contributions	33,800,525	8,659,423	15,060,546	5,431,451	4,649,105
Transfer of Participants' Account Balances from Affiliated Plans	1,140,371	-	514,198	422,367	203,806
Transfer of Participants' Account Balances to Former Affiliate's Plan	(20,815,838)	(5,390,244)	(10,483,032)	(3,227,343)	(1,715,219)
Interfund Transfers	-	(4,461,978)	1,028,778	3,401,455	31,745
Administrative Expense	(752,234)	(354,091)	(261,967)	(75,921)	(60,255)
Benefits to Participants	(39,043,060)	(20,796,573)	(13,029,735)	(2,847,422)	(2,369,330)
Increase (Decrease) in Net Assets Available for Benefits	(65,882,055)	(68,409,201)	(2,741,643)	4,746,198	522,591
Beginning Net Assets Available for Benefits	251,370,830	147,762,248	72,168,568	15,693,318	15,746,696
Ending Net Assets Available for Benefits	\$185,488,775	\$ 79,353,047	\$ 69,426,925	\$ 20,439,516	\$ 16,269,287

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

(1) DESCRIPTION OF THE PLAN

General

The Limited, Inc. Savings and Retirement Plan (the "Plan") is a defined contribution plan covering certain employees of The Limited, Inc. and its affiliates (the "Employers") who are at least 21 years of age and have completed 1,000 or more hours of service during their first consecutive twelve months of employment or any calendar year beginning in or after their first consecutive twelve months of employment. Certain employees of the Employers, who are covered by a collective bargaining agreement, are not eligible to participate in the Plan. At December 31, 1995, there were 26,592 participants in the Plan.

Effective January 1, 1992, the plans of affiliates, except Fulcrum Management Group Savings and Retirement Plan, were merged and all assets and liabilities of the affiliate plans were pooled into the Plan. Effective January 1, 1993, the Fulcrum Management Group Savings and Retirement Plan was merged into the Plan.

On August 31, 1993, The Limited, Inc. sold 60% of its interest in Brylane, Inc. and transferred the assets and liabilities allocated to the employees of Brylane, Inc. and its affiliates to the Brylane L.P. Savings and Retirement Plan.

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

Amendments

During 1994, the Plan was amended and restated effective as of January 1, 1992 to, among other things, (1) make certain changes in the design of the Plan to comply with the Internal Revenue code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended and (2) incorporate amendments previously made.

Contributions

Employer Contributions:

The Employers may provide a non-service related retirement contribution of 4% of annual compensation up to the Social Security wage base and 7% of annual compensation after that and a service related retirement contribution of 1% of annual compensation for participants who have completed five or more years of vesting service as of the last day of the Plan year. Participants who complete 500 hours of service during the Plan year and are participants on the last day of the Plan year are eligible. The annual compensation of each participant taken into account under the Plan is limited to the maximum amount permitted under Section 401(a)(17) of the Internal Revenue Code. The annual compensation limit for the Plan year ended December 31, 1995, was \$150,000.

The Employers may provide a matching contribution of 100% of the participant's voluntary contributions up to 3% of the participant's total annual compensation.

Participant Voluntary Contributions:

A participant may elect to make a voluntary tax-deferred contribution of 1% to 6% of his or her annual compensation up to the maximum permitted under Section 402(g) of the Internal Revenue Code adjusted annually (\$9,240 at December 31, 1995). This voluntary tax-deferred contribution may be limited by Section 401(k) of the Internal Revenue Code.

A participant earning annually more than \$66,000, \$66,000 and \$64,245, for the years ended December 31, 1995, 1994 and 1993, respectively, may be limited to voluntary contributions to the Plan of less than 6% due to requirements of Section 401(k) of the Internal Revenue Code based on the current levels of participant voluntary contributions.

Vesting

A participant is fully and immediately vested for voluntary and rollover contributions. A summary of vesting percentages in the Employers' contributions follows:

Years of Vested Service -----	Percentage -----
Less than 3 years	0%
3 years	20
4 years	40
5 years	60
6 years	80
7 years	100

Payment Of Benefits

The full value of participants' accounts becomes payable upon retirement, disability, or death. Upon termination of employment for any other reason participants' accounts, to the extent vested, become payable. Those participants with vested account balances greater than \$3,500 have the option of leaving their accounts invested in the Plan until age 65. All benefits will be paid as a lump-sum distribution. Those participants holding between five and one hundred shares of Employer Securities will have the option to receive such amount in whole shares of Employer Securities and cash for any fractional shares. Those participants holding one hundred or more shares of Employer Securities will receive whole shares of Employer securities and cash for any fractional shares. Participants have the option of having their benefit paid directly to an eligible retirement plan specified by the participant.

A participant who is fully vested in his or her account and who has participated in the Plan for at least five years may obtain an in-service withdrawal from their account based on the percentage amounts designated by the Plan. A participant may also request a hardship distribution due to an immediate and heavy financial need based on the terms of the Plan.

Amounts Allocated Participants Withdrawn from the Plan

The vested portion of net assets available for benefits allocated to participants withdrawn from the plan as of December 31, 1995 and 1994, is set forth below:

	Total -----	Limited Stock Fund -----	Fixed Income Fund -----	Indexed Fund -----	World Fund -----	Wellington Fund -----
December 31, 1995	\$ 634,530	\$ 54,393	\$ 301,337	\$128,645	\$138,247	\$11,908
December 31, 1994	\$3,894,855	\$1,796,254	\$1,321,029	\$452,849	\$324,723	\$ -

Forfeitures

Forfeitures are used to reduce the Employers' required contributions. Utilized forfeitures for 1995, 1994 and 1993, are set forth below:

	Total	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund	Wellington Fund
	-----	-----	-----	-----	-----	-----
December 31, 1995	\$2,604,742	\$265,411	\$1,691,327	\$352,056	\$295,948	\$ -
December 31, 1994	\$3,851,243	\$536,323	\$2,804,818	\$268,212	\$241,890	\$ -
December 31, 1993	\$2,362,621	\$149,970	\$1,946,329	\$126,859	\$139,463	\$ -

Expenses and Unallocated Earnings

Brokerage fees, transfer taxes, and other expenses incurred in connection with the investment of the Plan's assets will be added to the cost of such investments or deducted from the proceeds thereof, as the case may be. Administrative expenses of the Plan will be paid from the Plan from earnings not allocated to participants' accounts. Unallocated earnings being held as of December 31, 1995, 1994 and 1993 are set forth below:

	Total	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund	Wellington Fund
	-----	-----	-----	-----	-----	-----
December 31, 1995	\$ 51,827	\$ -	\$ -	\$51,827	\$ -	\$ -
December 31, 1994	\$ 50,232	\$ -	\$12,780	\$ 9,178	\$28,274	\$ -
December 31, 1993	\$275,002	\$81,637	\$39,835	\$77,486	\$76,044	\$ -

Tax Determination

The Plan obtained its latest determination letter on January 30, 1995, in which the Internal Revenue Service stated that the Plan, as amended and restated January 1, 1992 was in compliance with the applicable requirements of the Internal Revenue Code. Accordingly, the following Federal income tax rules will apply to the Plan:

Voluntary tax-deferred contributions made under the Plan by a participant and contributions made by the Employers to participant accounts are generally not taxable until such amounts are distributed.

The participants are not subject to Federal income tax on interest, dividends, or gains in their particular accounts until distributed.

The foregoing is only a brief summary of certain tax implications and applies only to Federal tax regulations currently in effect.

(2) SUMMARY OF ACCOUNTING POLICIES

The Plan's financial statements are prepared on the accrual basis of accounting. Assets of the Plan are valued at fair value. If available, quoted market prices are used to value investments. The amounts for investments that have no quoted market price are shown at their estimated fair value, which is determined based on yields equivalent for such securities or for securities of comparable maturity, quality, and type as obtained from market makers. Guaranteed investment contracts issued by insurance companies are valued at contract value. Contract value represents contributions made under the contract, and interest at the contract rate, less Plan withdrawals and administration expenses charged by the insurance companies.

Realized gains or losses on the distribution or sale of securities represent the difference between the average cost of such securities held and the fair value on the date of distribution or sale.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

INVESTMENTS

Net unrealized appreciation, equal to the difference between cost and fair value of all investments held at the applicable valuation dates, is recognized in determining the value of each fund. The unrealized appreciation as of December 31, 1995, 1994 and 1993 is set forth below:

	Total	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund	Wellington Fund
December 31, 1995	\$47,986,819	\$33,181,138	\$ -	\$8,565,992	\$6,117,907	\$121,782
December 31, 1994	\$44,404,753	\$42,740,905	\$ -	\$1,030,309	\$ 633,539	\$ -
December 31, 1993	\$50,241,890	\$48,376,318	\$ -	\$1,598,430	\$ 267,142	\$ -

The Following is a summary of the net gain on securities sold during the periods ended December 31, 1995, 1994 and 1993:

	Total	Limited Stock Fund	Fixed Income Fund	Indexed Fund	World Fund	Wellington Fund
Period Ended December 31, 1995						
Proceeds	\$35,829,041	\$2,804,851	\$21,155,451	\$6,616,037	\$4,986,144	\$266,558
Cost	32,261,376	1,222,905	21,155,451	5,519,647	4,109,121	254,252
Net Realized Gain	\$ 3,567,665	\$1,581,946	\$ -	\$1,096,390	\$ 877,023	\$ 12,306
Period Ended December 31, 1994						
Proceeds	\$26,357,549	\$4,926,530	\$14,779,530	\$3,511,736	\$3,139,753	\$ -
Cost	23,323,781	2,145,072	14,779,530	3,305,041	3,094,138	-
Net Realized Gain	\$ 3,033,768	\$2,781,458	\$ -	\$ 206,695	\$ 45,615	\$ -
Period Ended December 31, 1993						
Proceeds	\$47,420,114	\$4,627,603	\$29,287,560	\$7,187,529	\$6,317,422	\$ -
Cost	43,346,137	1,260,434	29,287,560	6,550,603	6,247,540	-
Net Realized Gain	\$ 4,073,977	\$3,367,169	\$ -	\$ 636,926	\$ 69,882	\$ -

Contributions under the Plan are invested in one of five investment funds: (1) The Limited Stock Fund, consisting of common stock of The Limited, Inc., a Delaware corporation (the "Issuer") and parent company of the Employers, (2) the Fixed Income Fund, which is invested in the Vanguard Investment Contract Trust and other guaranteed investment contracts issued by insurance companies, (3) the Indexed Fund, which is invested in the Vanguard Indexed Fund, (4) the World Fund, which is invested in the Vanguard World Fund, and (5) the Wellington Fund, which is invested in the Vanguard Wellington Fund. Prior to July 1, 1995 the Wellington Fund was not an investment option.

Participants' voluntary and Employers' contributions may be invested in any one or more of the funds, at the election of the participant. There are 6,820 participants in the Limited Stock Fund, 18,815 in the Fixed Income Fund, 7,639 in the Indexed Fund, 6,320 in the World Fund, and 2,292 in the Wellington Fund at December 31, 1995.

(4) PLAN ADMINISTRATION

The Plan is administered by a Committee, the members of which are appointed by the Board of Directors of the Employers.

(5) PLAN TERMINATION

Although the Employers have not expressed any intent, the Employers have the right under the Plan to discontinue their contributions at any time. The Limited, Inc. has the right any time, by action of its Board of Directors, to terminate the Plan subject to provisions of ERISA. Upon Plan termination or partial termination, participants will become fully vested in their accounts.