Lbrands

Proxy Statement for the
2016 Annual Meeting of Stockholders
and 2015 Annual Report

Dear Partner,

2015 was a great year! Our best ever! Olympic performance!

Our goal is to be the best specialty retailer in the world … and in 2015 we had the best quality of profit among all global specialty retailers … an 18% operating income rate. In an environment where many retailers struggled, we delivered record results. We have built wonderful brands … and importantly, we are executing well. We had a sound plan for the year, and we executed that plan very well. We were FOCUSED, FAST and FRUGAL. We managed the business carefully with respect to inventory and expenses, and reacted fast to what was working … and we delivered upside to our plan. We knew it would be difficult to deliver record results on top of our record 2014, but we did it … and got better. Here are the headlines:

- Sales increased 6% to $12.2 billion
- Same store sales increased 5%
- Merchandise margin rate increased
- Operating income rate increased to a record 18.0% from 17.1%
- Adjusted earnings per share increased 14% to $3.99
- Inventories per square foot ended up 4%; down 6% on a two-year basis
- We increased our regular annual dividend by 20% to $2.40 per share
- We declared a $2.00 per share special dividend
- We authorized a new $500 million share repurchase program
- We delivered total shareholder return of 19%

I am very proud of what we accomplished in 2015 … not only our record performance but also how we led the way in contributing to our communities. Our associates donated more than 50,000 volunteer hours, and we raised nearly $9 million for cancer research … plus supported community initiatives around the world.

I am optimistic about 2016 – Victoria's Secret, PINK and Bath & Body Works are great brands with high emotional content that lead their categories … and we are focused on making them better in every way as we accelerate international growth. We have a strong team of talented leaders and solid people at every level in the business … great teams. We have significant opportunities for growth.

Victoria's Secret and PINK

Victoria's Secret and PINK are strong … dominant … with potential for significantly greater growth.

Victoria's Secret is best at bras, and bras achieved double-digit growth in 2015. But we can do even better. I am personally focused this year on the growth of Victoria's Secret. Lots of opportunity for us, including growth in bras and Sport bras. Our positioning in Sport is unique … delivering a high-performance product with exceptional fit and quality … while at the same time providing the fashion and aesthetic that is uniquely Victoria's Secret. We are determined to lead the Sport bra market.

Victoria's Secret Beauty is a $1 billion business with additional global sales. It's an important natural adjacency to lingerie and serves as an entry point to our brand for many customers. We took significant steps to improve the beauty business … to improve quality and better align it with the Victoria's Secret brand. We should grow the Victoria's Secret Beauty business significantly and globally.

PINK had an exceptional 2015. Truly "Olympic" performance across all categories of the brand and reaching a milestone of more than $2.5 billion in sales – doubling in size during the last five years. PINK leadership is extremely close to their customer … and they leverage that knowledge along with the speed that they've built in the business to deliver merchandise that she just has to have. PINK has years of tremendous growth ahead of it … driven by continued increases in productivity and by expansion in square footage.

We have been increasing square footage for PINK by expanding existing lingerie stores and opening free-standing PINK stores … and the returns have been tremendous … expansions are yielding returns of more than 25%, and PINK free-standing store productivity is more than $1,300 per square foot.

We'll continue to improve the branding and marketing of both Victoria's Secret and PINK. They are the best lingerie brands in the world with high emotional content, strong global recognition and loyal customers. Years of growth ahead in North America and the rest of the world.

Bath & Body Works

Throughout 2015, Bath & Body Works delivered strong performance, both in top-line sales and operating income. Amazing focus and laser discipline, and testing and learning throughout the year, produced a record holiday season and fourth quarter.

Bath & Body Works is in the process of a major reinvestment in refitting and expanding store size. After testing and refining the White Barn home concept with encouraging results, we'll undertake a remodel/refresh initiative, embarking on a plan to deliver the Bath & Body Works/White Barn dual concept to more locations, delivering an even better brand environment and experience for our customers.

With solid brand equities and an experienced leadership team, Bath & Body Works is on firm footing for a successful 2016 and beyond.

International

Our absolute highest priority is the health of our brands in our home market (North America). The strength of our brands … brands with high emotional content that lead their categories with no close competitors … provides us with a sound basis for global growth. We have established separate, dedicated teams to support our international growth. These teams pursue a methodical test-and-learn approach in all world markets, replicating the exact brand standards established in our North American business. This replication model enables us to operate a mix of company-owned and franchised locations around the world with no visible difference to the customer.

We began our international expansion in 2008, with the opening of six Bath & Body Works stores in Canada. In 2015, we celebrated a milestone when we cut the ribbon on our 1,000th store outside of the United States. Over the course of the year, we added 144 new stores to our international segment and delivered substantial retail sales growth. We also prepared the foundation for China, where we now have 24 Victoria's Secret Beauty and Accessories stores, with plans to launch Victoria's Secret full-assortment stores, including a Shanghai flagship store, in late 2016 … and more on the way.

With regionally based centers of excellence around the world, the international business will open about 175 new stores this year, delighting customers who are eager to experience the brands they know and appreciate.

We have the challenge and the opportunity to get even better and accelerate our growth. We are determined to be even more focused, faster and more frugal … the core fundamentals that drove our performance in 2015. The important … very important … foundational step was to improve the quality of our operating profit. Now that we have quality of earnings … we turn to growth more aggressively. As I said last year, best-in-world performance looks like $20 billion plus in sales at a 20% operating income rate … and I know that with our brands and our people, we will reach our goal.

Sincerely,

Leslie H. Wexner
Chairman and CEO

Notice of
Annual Meeting of Stockholders
and Proxy Statement

May 19, 2016

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 19, 2016: The proxy statement and annual report to stockholders are available at *www.proxyvote.com*.

April 8, 2016

DEAR STOCKHOLDER:

You are cordially invited to attend our 2016 annual meeting of stockholders to be held at **8:30 a.m., Eastern Time**, on May 19, 2016, at our offices located at Three Limited Parkway, Columbus, Ohio 43230. Our Investor Relations telephone number is (614) 415-7585 should you require assistance in finding the location of the meeting. The formal Notice of Annual Meeting of Stockholders and proxy statement are attached. If you plan to attend, please bring the Admittance Slip located at the back of this booklet and a picture I.D., and review the attendance information provided. I hope that you will be able to attend and participate in the meeting, at which time I will have the opportunity to review the business and operations of our company.

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

Sincerely yours,

Leslie H. Wexner
Chairman of the Board

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 19, 2016

April 8, 2016

TO THE STOCKHOLDERS OF L BRANDS, INC.:

We are pleased to invite you to attend our 2016 annual meeting of stockholders to:

- Elect the three nominees proposed by the Board of Directors as directors to serve for a three-year term.
- Ratify the appointment of our independent registered public accountants.
- Vote on a proposal to amend the Certificate of Incorporation to remove supermajority voting requirements.
- Hold an advisory vote to approve named executive officer compensation.
- Vote on the stockholder proposal on proxy access, if properly presented at the meeting.
- Transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 24, 2016 may vote at the meeting. **If you plan to attend, please bring the Admittance Slip located at the back of this booklet and a picture I.D., and review the attendance information provided.** Your vote is important. Stockholders of record can give proxies by calling a toll-free telephone number, by using the Internet or by mailing their signed proxy cards. Whether or not you plan to attend the meeting, please vote by telephone or via the Internet or sign, date and return the enclosed proxy card in the envelope provided. Instructions are included on your proxy card. You may change your vote by submitting a later dated proxy (including a proxy via telephone or the Internet) or by attending the meeting and voting in person.

By Order of the Board of Directors,

Leslie H. Wexner
Chairman of the Board

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INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

The Board of Directors (the "Board") is soliciting your proxy to vote at our 2016 annual meeting of stockholders (or at any adjournment of the meeting). This proxy statement summarizes the information you need to know to vote at the meeting. In this proxy statement, "we," "our," "L Brands" and the "Company" refer to L Brands, Inc.

We began mailing this proxy statement and the enclosed proxy card, or the Notice of Internet Availability of Proxy Materials (the "Notice"), on or about April 8, 2016 to all stockholders entitled to vote. The Company's 2015 Annual Report on Form 10-K, which includes our financial statements, is being sent with this proxy statement and is available in paper copy by request or in electronic form.

Date, Time and Place of Meeting

Date:	May 19, 2016
Time:	8:30 a.m., Eastern Time
Place:	Three Limited Parkway, Columbus, Ohio 43230

Attending the Meeting

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

Shares Entitled to Vote

Stockholders entitled to vote are those who owned Company common stock (which we refer to throughout this proxy statement as "Common Stock") at the close of business on the record date, March 24, 2016. As of the record date, there were 287,003,940 shares of Common Stock outstanding. Each share of Common Stock that you own entitles you to one vote.

Voting Your Shares

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

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

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

- "FOR" the election of the Board's three nominees for director (as described on pages 5 and 6);
- "FOR" the ratification of the appointment of our independent registered public accountants (as described on page 14);

- “FOR” the proposal to amend the Certificate of Incorporation to remove supermajority voting requirements (as described on pages 15 and 16), in recognition of the vote at the Company’s 2015 annual meeting of stockholders on a stockholder proposal addressing the same topic;
- “FOR” on the advisory vote to approve named executive officer compensation (as described on pages 17 and 18); and
- “AGAINST” the stockholder proposal (as described on pages 19 and 20).

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

Certain stockholders received a Notice containing instructions on how to access this proxy statement and our 2015 Annual Report on Form 10-K via the Internet. Those stockholders should refer to the Notice for instructions on how to vote.

Revoking Your Proxy

You may revoke your proxy by:

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

Voting in Person

If you plan to vote in person, a ballot will be available when you arrive. However, if your shares are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of the shares at the close of business on March 24, 2016, the record date for voting, as well as a proxy, executed in your favor, from the nominee.

Appointing Your Own Proxy

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

Quorum Requirement

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

Vote Necessary to Approve Proposals

- Pursuant to the Company’s Bylaws, each director will be elected by a majority of the votes cast with respect to such director. A majority of the votes cast means that the number of votes “for” a director’s election must exceed 50% of the votes cast with respect to that director's election. Any "against" votes will count as a vote cast, but "abstentions" will not count as a vote cast with respect to that director's election. Under Delaware law, if the director is not elected at the annual meeting, the director will continue to serve on the Board as a "holdover director." As required by the Company's Bylaws, each director has submitted an irrevocable letter of resignation as director that becomes effective if he or she does not receive a majority of votes cast in an election and the Board accepts the resignation. If a director is not elected, the Nominating & Governance Committee will consider the director's resignation and recommend to the Board whether to accept or reject the resignation.

- The ratification of Ernst & Young LLP as our independent registered public accountants requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon.
- The proposal to amend the Certificate of Incorporation to remove supermajority voting requirements requires the affirmative vote of at least 75% of the outstanding shares of the Company entitled to vote at the annual meeting.
- The advisory vote to approve named executive officer compensation requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon. While this vote is required by law, it will neither be binding on the Company or the Board, nor will it create or imply any change in the fiduciary or other duties of, or impose any additional fiduciary or other duties on, the Company or the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.
- The stockholder proposal requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon.

Impact of Abstentions and Broker Non-Votes

You may "abstain" from voting for any nominee in the election of directors and on the other proposals. Abstentions with respect to the election of directors and on the other proposals, except for the proposal to amend the Certificate of Incorporation to remove supermajority voting requirements, will be excluded entirely from the vote and will have no effect. Abstentions with respect to the proposal to amend the Certificate of Incorporation will have the same effect as a vote "against" the proposal.

In addition, under New York Stock Exchange ("NYSE") rules, if your broker holds your shares in its name, your broker is permitted to vote your shares on the proposal to ratify Ernst & Young LLP as our independent registered public accountant, even if it did not receive voting instructions from you. Your broker may not vote your shares on any of the other matters without specific instruction. A "broker non-vote" occurs when a broker submits a proxy but refrains from voting. Shares represented by broker non-votes are counted as present or represented for purposes of determining the presence of a quorum but are not counted as otherwise present or represented.

Obtaining Additional Copies of the Proxy Materials

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

If you hold Common Stock and currently are subject to householding, but prefer to receive separate copies of proxy materials and other stockholder communications from the Company, or if you are sharing an address with another stockholder and would like to consent to householding, you may revoke or grant your consent to householding as appropriate at any time by calling toll-free at 1-866-540-7095 or notifying our Secretary at our principal executive offices at Three Limited Parkway, Columbus, Ohio 43230.

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

PROPOSAL 1: ELECTION OF DIRECTORS

The Board has nominated three directors for election at the annual meeting. If you elect the three nominees, they will hold office for a three-year term expiring at the 2019 annual meeting or until their successors have been elected. All nominees are currently serving on our Board.

We believe that our Board as a whole possesses the right diversity of experience, qualifications and skills to oversee and address the key issues facing our Company. In addition, we believe that each of our directors possesses key attributes that we seek in a director, including strong and effective decision-making, communication and leadership skills. To ensure that the Board, Board committees and individual directors remain effective, the Nominating & Governance Committee oversees the annual evaluation of the Board, each Board committee and each individual director and recommends ways to improve performance. With respect to Board refreshment, the Nominating & Governance Committee is responsible for identifying candidates who are qualified to serve on the Board and, as part of that review process, considers the diversity of experience and expertise of the current directors and areas where new directors might add additional perspectives. In that regard, in the past four years, three new directors have been appointed to the Board. The considerations of the Nominating & Governance Committee in identifying potential candidates are described in further detail in "—Committees of the Board of Directors—Nominating & Governance Committee." In addition to periodic Board refreshment, we believe that a variety of director tenures is beneficial to ensure Board quality and continuity of experience, as reflected in the current composition of our Board.

Set forth below is additional information about the experience and qualifications of each of the nominees for director, as well as each of the current members of the Board, that led the Nominating & Governance Committee and the Board to conclude, at the time each individual was nominated to serve on the Board, that he or she would provide valuable insight and guidance as a member of the Board.

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

The Board recommends a vote FOR the election of all of the following nominees of the Board:

Nominees and Directors

Nominees of the Board at the 2016 Annual Meeting

Dennis S. Hersch *Director since 2006* *Age 69*

Mr. Hersch is President of N.A. Property, Inc., through which he acts as a business advisor to Mr. and Mrs. Wexner, and has done so since February 2008. He also serves as a trustee of several trusts established by Mr. and Mrs. Wexner. He was a Managing Director of J.P. Morgan Securities Inc., an investment bank, from December 2005 through January 2008, where he served as the Global Chairman of its Mergers & Acquisitions Department. Mr. Hersch was a partner of Davis Polk & Wardwell LLP, a New York law firm, from 1978 until December 2005. Mr. Hersch served as a director of Clearwire Corporation, a telecommunications company, from 2008 until 2013, NBCUniversal Enterprise, Inc., a media related company, from 2013 until 2014, Sprout Foods, Inc., a producer of organic baby food, from 2009 until 2015 and has served as a director of PJT Partners Inc., a financial advisory firm, since 2015. Mr. Hersch's nomination is supported by his legal and financial expertise, as well as his considerable experience with corporate governance matters, strategic issues and corporate transactions.

David T. Kollat | *Director since 1976* | *Age 77*

Dr. Kollat has been Chairman of 22, Inc., a management consulting firm, since 1987. He has served as director of Select Comfort Corporation, a designer, manufacturer and retailer of premium beds and bedding accessories, since 1994, and Wolverine World Wide, Inc., a global footwear, athletic apparel and accessories designer, manufacturer and retailer, since 1992. Dr. Kollat also served as director of Big Lots, Inc., a retailer, from 1990 to 2013. In addition to his broad business experience (including service on several boards of directors) and marketing expertise, Dr. Kollat's nomination is supported by his particular experience in the retail, apparel and other related industries, both at the management and board levels.

Leslie H. Wexner | *Director since 1963* | *Age 78*

Mr. Wexner has been Chief Executive Officer of the Company since he founded the Company in 1963, and Chairman of the Board for 40 years. Mr. Wexner is the husband of Abigail S. Wexner. Mr. Wexner's nomination is supported by his effective leadership of the Company since its inception.

Directors Whose Terms Continue until the 2017 Annual Meeting

Donna A. James | *Director since 2003* | *Age 58*

In April 2006, Ms. James established Lardon & Associates LLC, a business and executive advisory services firm, where she is Managing Director. Ms. James served as the President of Nationwide Strategic Investments, a division of Nationwide Mutual Insurance Company, from 2003 through March 2006. Ms. James served as Executive Vice President and Chief Administrative Officer of Nationwide Mutual Insurance Company and Nationwide Financial Services from 2000 until 2003. Ms. James is a director of Time Warner Cable Inc., a provider of video, data and voice services, Marathon Petroleum Corp., a transportation fuels refiner and Boston Scientific Corporation, a developer, manufacturer and marketer of medical devices. Ms. James also served as Chairman of Financial Settlement Services Agency, Inc. from 2005 through 2006, as director of CNO Financial Group, Inc., a holding company for a group of insurance companies, from 2007 to 2011, and as director of Coca-Cola Enterprises Inc., a nonalcoholic beverages company, from 2005 to 2012. She currently serves on the Audit Committee of Marathon Petroleum Corp. and as the Chairperson of the Audit Committee of Time Warner Cable Inc. Ms. James's nomination was supported by her executive experience, financial expertise, service on several boards of directors and experience with respect to corporate diversity and related issues.

Jeffrey H. Miro | *Director since 2006* | *Age 73*

Mr. Miro has been a senior partner of the Honigman Miller Schwartz and Cohn LLP law firm since November 2004. He was a partner and Chairman of the law firm of Miro Weiner & Kramer from 1981 until November 2004. He is an Adjunct Professor of Law at The University of Michigan Law School, teaching courses in taxation and corporate governance. Mr. Miro was a director of M/I Homes, Inc., a national home building company, until December 2012, and was a director of Sotheby's Holdings, Inc., an auctioneer of art, jewelry and collectibles, until May 2006. Mr. Miro's nomination was supported by his legal expertise, particularly with respect to corporate governance and real estate matters.

Michael G. Morris | *Director since 2012* | *Age 69*

Mr. Morris served as the Chairman of the Board of American Electric Power Company, Inc., one of the largest electric utilities in the United States, from 2012 to April 2014. From January 2004 until November 2011, Mr. Morris served as the President, Chief Executive Officer and Chairman of American Electric Power Company, Inc. From 1997 until 2003, he served as the Chief Executive Officer of Northeast Utilities, the largest electric utility in New England. Mr. Morris currently serves as a director of Spectra Energy Corp., one of North America's leading natural gas infrastructure companies, The Hartford Financial Services Group, Inc., an investment and insurance company, and Alcoa Inc., a leading producer of aluminum. Mr. Morris's nomination was supported by his broad business experience and management expertise.

Raymond Zimmerman | *Director since 1984* | *Age 83*

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

Directors Whose Terms Continue until the 2018 Annual Meeting

E. Gordon Gee | *Director since 2012* | *Age 72*

Dr. Gee is currently the President of West Virginia University, a large public research institution. Prior to his current service at West Virginia University, he led several other major universities, including The Ohio State University (2007—2013, 1990—1998), Vanderbilt University (2000—2007), Brown University (1998—2000), the University of Colorado (1985—1990), and West Virginia University (1981—1985). Dr. Gee also currently serves as a director of the National 4-H Council. He previously served as a director of the Company from 1992 to 2008, as a director of Hasbro, Inc., a branded-play company, from 1999 until 2010, and as a director of Bob Evans Farms, Inc., an owner and operator of family restaurants, from 2009 until 2014. Dr. Gee's nomination was supported by his extensive executive and management experience, as well as his legal expertise and knowledge of the Company gained through his prior service as a director.

Stephen D. Steinour | *Director since 2014* | *Age 57*

Mr. Steinour has been the Chairman, President & Chief Executive Officer of Huntington Bancshares Incorporated, a regional bank holding company, since 2009. From 2008 to 2009, Mr. Steinour was a Managing Partner in CrossHarbor Capital Partners, LLC, a recognized leading manager of alternative investments. Mr. Steinour was with Citizens Financial Group from 1992 to 2008, where he served in various executive roles, including President from 2005 to 2007 and Chief Executive Officer from 2007 to 2008. Mr. Steinour currently serves as a director of Exelon Corporation, a utility services holding company. He previously served as a trustee of Liberty Property Trust, a real estate investment trust, from 2010 to 2014. Mr. Steinour's nomination was supported by his executive experience, financial expertise and service on several boards of directors.

Allan R. Tessler | *Director since 1987* | *Age 79*

Mr. Tessler has been Chairman of the Board and Chief Executive Officer of International Financial Group, Inc., an international merchant banking firm, since 1987 and is the Chairman and Chief Executive Officer of Teton Financial Services, a financial services company. He previously served as Chairman of the Board of Epoch Holding Corporation, an investment management company, from 2004 to 2013 and as Chairman of the Board of J Net Enterprises Inc., a technology holding company, from 2000 to 2004. Mr. Tessler also served as Chairman of the Board of InterWorld Corporation from 2001 to 2004 and as Chairman of Checker Holdings Corp. IV from 1997 to 2009. Mr. Tessler currently serves on the Audit Committee of Imperva, Inc., a provider of cyber security solutions, and as Chairman of the Board of Rocky Mountain Bank, a Wyoming bank. He has served as a director of TD Ameritrade Holding Corporation, a securities brokerage company, since November 2006, and as a director of Steel Partners Holding GP, Inc., a general partner of a global diversified holding company, since 2010. Mr. Tessler's nomination was supported by his broad business experience and financial expertise, together with his involvement in various public policy issues.

Abigail S. Wexner *Director since 1997* *Age 54*

Mrs. Wexner is the chairman and CEO of Whitebarn Associates, a private investment company. She serves on the boards of Advanced Drainage Systems, Inc., a manufacturer of high performance thermoplastic corrugated pipe, The Ohio State University, Nationwide Children's Hospital, the Columbus Downtown Development Corporation, the Columbus Partnership, Pelotonia, The Ohio State University Wexner Medical Center, The Wexner Foundation, The Columbus Jewish Federation and the United States Equestrian Team Foundation. She is founder and chair of the board for The Center for Family Safety and Healing and KidsOhio.org, founding board member and vice chair of the board for KIPP Columbus and a past chair of the Governing Committee of the Columbus Foundation. Mrs. Wexner is the wife of Leslie H. Wexner. Mrs. Wexner's nomination was supported by her executive and legal experience, as well as her expertise with respect to a wide range of diversity, philanthropic and public policy issues.

Retiring Director

William R. Loomis, Jr. has informed the Company that he will retire from the Board effective May 19, 2016, at the conclusion of our annual meeting.

Director Independence

The Board has determined that each of the individuals nominated to serve on the Board, together with William R. Loomis, Jr. and each of the members of the Board who will continue to serve after the 2016 annual meeting of stockholders (except for Dennis S. Hersch, Abigail S. Wexner and Leslie H. Wexner), has no material relationship with the Company other than in his or her capacity as a director of the Company and that each is "independent" in accordance with applicable NYSE standards. If all director nominees are elected to serve as our directors, independent directors will constitute more than two-thirds of our Board.

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

Board Leadership Structure

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

Allan R. Tessler currently serves as the lead independent director. In July 2012, the Board determined that the lead independent director should be appointed solely by the independent directors, as they deem appropriate, and Mr. Tessler was subsequently reappointed as the lead independent director by them. As lead independent director, Mr. Tessler has the authority to call meetings of the independent directors, at which he serves as the chairman. Mr. Tessler also approves information sent to the Board, including the agenda for Board meetings, and is responsible for approving meeting schedules in order to assure that there is sufficient time for discussion of all agenda items.

The Company believes that the lead independent director structure, including Mr. Tessler's service as lead independent director, offers independent oversight of the Company's management to complement the leadership that Mr. Wexner provides to the Board as its Chairman.

Risk Oversight; Certain Compensation Matters

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

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

Review of Strategic Plans

The Board regularly reviews the Company's strategic plans and conducts a strategic planning retreat at least annually.

Information Concerning Board Meeting Attendance

Our Board held 7 meetings in fiscal year 2015. During fiscal year 2015, all of the directors attended 75% or more of the total number of meetings of the Board and of the committees of the Board on which they served (which were held during the period in which they served).

Committees of the Board

Audit Committee

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

The Report of the Audit Committee can be found on page 57 of this proxy statement. The Audit Committee held 16 meetings in fiscal year 2015.

Compensation Committee

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

The Report of the Compensation Committee can be found on page 52 of this proxy statement. The Compensation Committee held 10 meetings in fiscal year 2015.

Nominating & Governance Committee

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

The Nominating & Governance Committee develops and recommends to the Board criteria and procedures for the selection and evaluation of new individuals to serve as directors and committee members. It also reviews and periodically makes recommendations to the Board regarding the composition, size, structure, practices, policies and activities of the Board and its committees. In making its assessment and in identifying and evaluating director nominees, the Nominating & Governance Committee takes into account the qualifications of existing directors for continuing service or re-nomination, which may be affected by, among other things, the quality of their contributions, their attendance records, changes in their primary employment or other business affiliations, the number of boards of publicly held companies on which they serve or other competing demands on their time and attention. While the Board has not established any specific minimum qualifications for director nominees, as indicated in the Company's corporate governance principles, the directors and any potential nominees should be individuals of diverse backgrounds who possess the integrity, judgment, skills, experience and other characteristics that are deemed necessary or desirable for the effective performance of the Board's oversight function. Certain of the skills, qualifications and particular areas of expertise considered with respect to the members of the Board at the time each Director was nominated are summarized in the director biographies found on pages 5 through 8 of this proxy statement. Although the Nominating & Governance Committee considers diversity as a factor in the selection of Board nominees, the Committee does not use formal quantitative or similar criteria with regard to diversity in its selection process.

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

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

The Nominating & Governance Committee held 3 meetings in fiscal year 2015.

Executive Committee

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

Finance Committee

The Finance Committee of the Board periodically reviews the Company's financial position and financial arrangements with banks and other financial institutions. The Finance Committee also makes recommendations on financial matters that it believes are necessary, advisable or appropriate. The current members of the Finance Committee are Mr. Tessler (Chair), Mr. Hersch, Dr. Kollat, Mr. Loomis, Mrs. Wexner and Mr. Zimmerman. However, Mr. Loomis will not serve on the Finance Committee past May 19, 2016, the date that his retirement becomes effective.

Inclusion Committee

The Inclusion Committee of the Board is instrumental in the Board's fulfillment of its oversight responsibilities relating to, among other things, (i) the Company's commitment to diversity and inclusion and (ii) the performance of the Company's Office of Inclusion. The current members of the Inclusion Committee are Mrs. Wexner (Chair), Dr. Gee and Ms. James.

Meetings of the Company's Non-Management Directors

The non-management directors of the Board meet in executive session in connection with each regularly scheduled Board meeting. Mr. Tessler serves as the chair of those meetings, which neither Mr. Wexner nor Mrs. Wexner attends.

Communications with Stockholders

We have a policy of robust engagement with stockholders, including continuing outreach to and dialogue with all of our major investors on a range of issues including corporate governance matters. Such engagements with investors have been highly constructive. For example, based on stockholder feedback, we made a number of changes to our compensation program in the past few years, as discussed in more detail under "Compensation-Related Matters—Compensation Discussion and Analysis." The Board also provides a process for interested parties to send communications to the full Board, the non-management members of the Board, the lead independent director and the members of the Audit Committee. Any director may be contacted by writing to him or her c/o L Brands, Inc., Three Limited Parkway, Columbus, Ohio 43230 or emailing at *boardofdirectors@lb.com*. Any stockholder wishing to contact Audit Committee members may send an email to *auditcommittee@lb.com*. Communications that are not related to a director's duties and responsibilities as a Board member, a non-management director or an Audit Committee member may be excluded by the Office of the General Counsel, including, without limitation, solicitations and advertisements; junk mail; product-related communications; job referral materials such as resumes; surveys; and any other material that is determined to be illegal or otherwise inappropriate. The directors to whom such information is addressed are informed that the information has been removed and that it will be made available to such directors upon request.

Attendance at Annual Meetings

The Company does not have a formal policy regarding attendance by members of the Board at the Company's annual meeting of stockholders. However, it encourages directors to attend and historically nearly all have done so. All of the then-current Board members attended the 2015 annual meeting, except for Ms. James and Mr. Morris. Each director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending meetings of the Board and the committees of which he or she is a member.

Code of Conduct, Related Person Transaction Policy and Associated Matters

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

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

The Company is engaged in several projects designed to increase our speed and agility in producing products that satisfy our customers. In the case of our beauty, personal care and home fragrance businesses, the development of supplier facilities in close proximity to our headquarters and distribution facilities in central Ohio has been an integral part of capturing the many business benefits of speed and agility. The New Albany Company ("NACO"), a business beneficially owned by Mr. and Mrs. Wexner, is in the business of developing real estate, including industrial parks, and has sold land (and may in the future sell land) to certain vendors or third party developers in connection with the continuing development of an industrial park focused on the foregoing business categories (the "Beauty Park") in New Albany, Ohio. The Audit Committee monitors such vendor and third party transactions on an ongoing basis to assure that they are in the best interests of the Company and its stockholders generally.

In light of the Company's highly favorable experience with vendors at the Beauty Park and our growth plans for the beauty, personal care and home fragrance businesses, the Company believes that certain new facilities required to achieve such projected growth should be located as close as possible to the Beauty Park. The Company identified certain land owned by NACO that, together with certain other adjacent parcels owned by a number of third parties in immediate proximity to the Beauty Park, would be desirable for the Company to acquire for future growth. Because of the Wexners' interest in NACO, the matter was referred to, and evaluated and negotiated by, the Audit Committee in accordance with the Policy. In 2014, the Audit Committee negotiated the purchase of certain NACO land for approximately \$21 million, and the assumption from NACO of contracts to purchase certain adjacent parcels directly from third parties for approximately \$7 million, and determined that these transactions were fair to and in the best interests of the Company and its stockholders generally. In 2015, certain additional property immediately adjacent to the foregoing parcels became available, and the Company believed that it would be desirable to acquire such property for future growth. This potential transaction was also referred to the Audit Committee for evaluation and, if appropriate, negotiation. The Audit Committee subsequently negotiated with NACO the purchase of such property for approximately \$5.3 million, and an existing building located in New Albany that was historically associated with the Bath & Body Works brand for approximately \$250,000, and determined that these transactions were fair to and in the best interests of the Company and its stockholders generally. The determinations made by the Audit Committee in 2014 and 2015 under the Policy with respect to these transactions between the Company and NACO were made in reliance on, among other things, advice from independent counsel and real estate appraisers and advisors, including opinions received from an independent financial advisor with specialized expertise in commercial real estate that such transactions were fair to the Company from a financial point of view.

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

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

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

The Audit Committee has appointed Ernst & Young LLP to serve as the Company's independent registered public accountants for the fiscal year ending January 28, 2017. We are asking you to ratify this appointment, although your ratification is not required. A representative of Ernst & Young LLP will be present at the meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions.

Additional information concerning the Company's engagement of Ernst & Young LLP is included on page 58.

The Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accountants.

PROPOSAL 3: PROPOSAL TO AMEND THE CERTIFICATE OF INCORPORATION TO REMOVE SUPERMAJORITY VOTING REQUIREMENTS

Background; Governance Considerations

This proposal is being submitted to stockholders following a vote at the Company's 2015 annual meeting on a stockholder proposal addressing the same topic. While the stockholder proposal last year did not receive sufficient votes to implement the change, it did receive a majority vote. Accordingly, consistent with its strong commitment to the careful consideration of stockholder views and recognizing that there are different perspectives on the issue of supermajority voting requirements, the Board has elected to submit the proposal described below to a stockholder vote.

The Board has evaluated the Company's voting requirements on numerous occasions to ensure that they are in the best interests of the Company and its stockholders. In this regard, the Board has consistently determined that the retention of a supermajority vote standard for certain extraordinary matters is the best way to ensure that the interests of all stockholders are fully protected. The Board has consistently concluded that extraordinary transactions and fundamental changes to corporate governance should have the support of a broad consensus of the Company's stockholders rather than just a simple majority, and that supermajority vote requirements protect stockholders against the potentially self-interested actions of short-term investors. The Board has also concluded that the Company's existing supermajority voting provisions encourage persons or firms making unsolicited takeover proposals to negotiate directly with the Board, which provides the Board with increased leverage in the exercise of its fiduciary duties to negotiate the best possible return for stockholders, and which prevents the use of potentially coercive or abusive takeover tactics.

On the other hand, the Board is aware that certain stockholders and institutions disagree. These entities generally argue that a majority stockholder vote should be sufficient for any corporate action requiring stockholder approval, regardless of the considerations outlined above. This proposal reflects the Board's determination to respond to, and address, that difference in perspective.

Proposed Amendment

If approved, the proposal would amend the Company's Restated Certificate of Incorporation (the "Charter") to provide for the elimination of each voting requirement that calls for a greater than simple majority vote (the "Amendment").

Under the Company's existing governance documents, a simple majority vote requirement already applies to most matters submitted for stockholder approval. The Charter provides that a supermajority vote of the stockholders is required to approve actions related to a small number of fundamental matters of corporate structure and governance. These matters are as follows: (i) approval of certain business combinations with an individual, entity or group that collectively owns 20% or more of the Company's voting securities (an "interested stockholder"); (ii) approval of certain fundamental transactions with any corporation that, together with its affiliates, owns 5% or more of the Company's voting securities, including mergers or a sale of substantially all of the Company's assets; (iii) dissolution of the Company; (iv) removal of a director for cause; (v) an alteration, amendment or repeal of the Company's Bylaws or any amendment to the Charter that contravenes any existing Bylaw of the Company; and (vi) an amendment of certain provisions in the Charter.

If the proposed Amendment is adopted, each of the foregoing supermajority voting requirements would be removed from the Charter. Instead, any matter voted on at any meeting of the stockholders would be decided by either the majority in voting interest of the stockholders voting on such matter or, in the case of certain business combinations with an interested stockholder, a majority of the outstanding shares of the Company excluding (except under certain circumstances) those held by the interested stockholder, unless otherwise provided by law. The default voting requirement in the Company's Bylaws, contained in Section 1.10(c) therein, states, "At any meeting of the stockholders all matters, except as otherwise provided in the certificate of incorporation, in these bylaws, or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and voting thereon, a quorum being present." The Company's Bylaws do not have any provisions containing supermajority voting requirements.

The text of the proposed Amendment, which would remove Articles EIGHTH and THIRTEENTH and Section 2 of Article FIFTH and Section 1 of Article ELEVENTH of the Charter in their entirety, and modify Articles TENTH and TWELFTH and Section 2 of Article ELEVENTH of the Charter, is attached as Appendix A to this proxy statement.

Required Vote

For the Amendment to become effective, this proposal must receive the affirmative vote of at least 75% of the outstanding shares of the Company entitled to vote at the annual meeting. If the proposal is approved by the required stockholder vote, the Board will take the necessary steps to amend the Charter as set forth in Appendix A. If the Amendment does not receive this level of stockholder approval, the Amendment will not be implemented and the Company's current voting requirements will remain in place.

Board Recommendation

The Board continues to believe that the retention of the Company's existing supermajority voting requirements for certain extraordinary matters provides stockholders with very meaningful protections against actions that may not be in their best interests. On the other hand, the Board recognizes that certain stockholders and institutions disagree and also believes that responsiveness to this perspective is an important matter of corporate governance. Accordingly, after careful consideration of the issue in accordance with its fiduciary duties, the Board has determined, in recognition of last year's vote, to recommend a vote to approve the Amendment.

While the Board believes there is a strong argument to the contrary, the Board has elected to recommend that stockholders vote FOR the proposed Amendment in recognition of the stockholder vote at the Company's 2015 annual meeting.

PROPOSAL 4: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires us to provide an advisory stockholder vote to approve the compensation of the Company's named executive officers ("NEOs"), as such compensation is disclosed pursuant to the disclosure rules of the Commission. After the Company's 2011 annual meeting, the Board determined to hold this advisory "say-on-pay" vote every year. Accordingly, the Company is providing its stockholders with the opportunity to cast an advisory vote on the fiscal 2015 compensation of our NEOs as disclosed in this proxy statement, including the Compensation Discussion and Analysis (the "CD&A"), the compensation tables and other narrative executive compensation disclosures.

Stockholders are being asked to vote on the following resolution:

"RESOLVED, that the stockholders approve the compensation of the Company's executive officers named in the 2015 Summary Compensation Table, as disclosed pursuant to Item 402 of Regulation S-K (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and other narrative executive compensation disclosures)."

In fiscal 2015, the Company delivered its fifth straight year of best-ever adjusted sales and earnings, resulting in a total shareholder return of 19% and an increase in our stock price of 14%. We believe in paying for performance, and our compensation program requires superior performance for our NEOs to earn performance-based incentives at target. Base salaries and targeted long term performance-based equity incentive compensation for the NEOs increased from fiscal 2014 to 2015, in recognition of their continued success in the difficult challenge of beating our best-ever results. Short term performance-based cash incentive compensation increased in connection with operating income performance that surpassed our stretch goals.

NEO base salaries and short term performance-based incentive compensation targets for fiscal 2015 were set in March 2015 based on fiscal 2014 performance and our goals for 2015. With the goal of providing incentives for continued superior performance, the Compensation Committee took the following actions:

- Awarded Mr. Wexner performance-based stock awards in January 2016 with a target value of approximately $14.1 million based on the achievement of financial and strategic goals during fiscal 2015 and stock performance that ranks in the top three of our peer companies and exceeds the S&P 500 Index by 22 percentage points.
- Increased the base salary for each of the NEOs for the first time in at least two years (seven years in the case of Mr. Wexner) based on our growth and accomplishments in the last several fiscal years, including continued record-setting sales and earnings performance in fiscal 2013 and fiscal 2014.
- Increased short term performance-based incentive compensation targets for each of the NEOs to incent future performance and further leverage their compensation.
- Increased the target value of performance-based Restricted Stock Units ("RSUs") awarded to NEOs other than Mr. Wexner in April 2015 to recognize our record-setting financial performance in fiscal 2014, provide significant retentive value for these NEOs and incent future performance.
- Set short term incentive compensation goals at targets that require continued growth in operating income over record fiscal 2014 results.
- Continued the cumulative, long-term, relative performance measure required for NEOs to earn RSUs.

While both total shareholder return and total CEO compensation have increased over the last four years as a result of the Company's outstanding performance, the Company's increase in stockholder return, including reinvested dividends, exceeds the rate of increase in total CEO compensation (as disclosed in further detail in the CD&A).

Although the advisory stockholder vote on executive compensation is non-binding, the Compensation Committee has considered and will continue to consider the outcome of the vote and feedback received from stockholders when making compensation decisions for NEOs. We have a policy of robust engagement with stockholders, including continuing outreach to and dialogue with all of our major institutional stockholders. Based on the strong support from, as well as feedback from our engagement with, major stockholders, we did not make structural changes to our executive compensation program in fiscal 2015. We have made a number of changes to our compensation program in previous years in accordance with our corporate governance principles and/or in response to stockholder and advisory group feedback, including:

- Eliminating tax gross-ups for NEOs upon a change in control.
- Instituting a "no hedging" policy governing stock trading.
- Establishing a policy that discourages pledging of Company stock and requires advance approval of our General Counsel.
- Establishing a policy prohibiting the future issuance of "single trigger" equity awards.
- Establishing a clawback policy.
- Establishing stock ownership guidelines set at five times base salary for our CEO, three times base salary for other NEOs and four times the annual stock retainer for Board members.

These changes, along with our continued strong performance, were important factors in achieving 91% stockholder support for our 2015 advisory vote on executive compensation. Given this strong level of support, the Compensation Committee has concluded that a large majority of our stockholders support our existing compensation program.

Please refer to the CD&A for a detailed discussion of the Company's executive compensation principles and practices and the fiscal 2015 compensation of our NEOs.

Board Recommendation

We continue to deliver extraordinary returns and are committed to creating long term value for our stockholders. The Company's fifth straight year of record-setting sales and earnings was led by our NEOs who are incented to perform by our compensation program and its connection to results. In summary, we see alignment between our performance, our stockholders' interests and our pay.

The Board recommends a vote FOR this proposal.

PROPOSAL 5: STOCKHOLDER PROPOSAL ON PROXY ACCESS

John Chevedden, 2215 Nelson Ave., No. 205 Redondo Beach, CA 90278, owner of 90 shares of Common Stock, has notified the Company that he intends to submit the following proposal at this year's meeting:

Proposal 5—Shareholder Proxy Access

RESOLVED: Shareholders ask our board of directors to adopt, and present for shareholder approval, a "proxy access" bylaw as follows:

Require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or an unrestricted number of shareholders forming a group (the "Nominator") that meets the criteria established below.

Allow shareholders to vote on such nominee on the Company's proxy card.

The number of shareholder-nominated candidates appearing in proxy materials should not exceed one quarter of the directors then serving or two, whichever is greater. This bylaw should supplement existing rights under Company bylaws, providing that a Nominator must:

a) have beneficially owned 3% or more of the Company's outstanding common stock, including recallable loaned stock, continuously for at least three years before submitting the nomination;

b) give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission (SEC) rules about (i) the nominee, including consent to being named in proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and

c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and (iii) to the best of its knowledge, the required shares were acquired in the ordinary course of business, not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement"). The Board should adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority given to multiple nominations exceeding the one-quarter limit. No additional restrictions that do not apply to other board nominees should be placed on these nominations or re-nominations.

Proxy access would "benefit both the markets and corporate boardrooms, with little cost or disruption," raising US market capitalization by up to $140 billion. This is according to a cost-benefit analysis by the Chartered Financial Analyst Institute, *Proxy Access in the United States: Revisiting the Proposed SEC Rule*.

Please vote to enhance shareholder value:

Shareholder Proxy Access—Proposal 5

Our Response—Statement in Opposition to Stockholder Proposal on Proxy Access

The Board has carefully considered the above proposal and believes that it is not in the best interests of our stockholders to implement proxy access at this time. Consequently, the Board recommends a vote AGAINST the proposal.

The Board reviewed the corporate governance landscape and believes that while many investors have strong views on proxy access, there is no current consensus on this issue. Some investors oppose proxy access altogether. Among those who favor proxy access, there are different views on the most appropriate way to implement proxy access and these views continue to evolve, including on appropriate thresholds and procedures around proxy access. In reviewing the proxy access provisions of the companies that have adopted proxy access to date, we have seen different practices emerge. The Board believes that our approach towards proxy access should be developed in a careful and thoughtful fashion that is guided by a review of corporate governance developments and consideration of all potential consequences.

In addition, the Board believes that the current proposal contains provisions that are not in line with the adoptions of proxy access to date and raises concerns about whether it properly balances the interests of all stockholders. The proposal does not limit the number of stockholders that can form a group to reach the 3% ownership threshold, while we believe that most companies that have adopted proxy access to date have imposed a limit on the number of stockholders in a group. Further, the proposal lacks basic protective provisions. The proposal does not require that proxy access nominees have no affiliations with a competitor of the Company, nor does the proposal require nominees to be independent or to satisfy legal requirements applicable to directors of the Company.

While we will review whether the implementation of proxy access would further enhance our corporate governance practices, the Board believes that the Company's existing corporate governance practices allow stockholders to put forward potential director nominees and ensure the responsiveness and accountability of incumbent directors.

There are several avenues for stockholders to put forward potential director nominees. First, stockholders may submit names of potential director nominees directly to the Board for consideration, and the Nominating & Governance Committee will use the same criteria to evaluate such candidates as for other candidates considered by the Board. Second, stockholders already have the power, subject to the requirements in the Company's Bylaws, to directly nominate and solicit proxies for their own director nominees at annual meetings of stockholders. Third, stockholders who hold at least 25% of the voting power of the outstanding stock of the Company have the power, subject to the requirements in the Company's Bylaws, to request a special meeting to consider stockholder-sponsored actions, including actions with respect to directors.

Other existing corporate governance practices of the Company promote director accountability and responsiveness to stockholders. In uncontested elections, directors are elected only if they receive a majority of the votes cast, and incumbent directors are required to offer to resign if they fail to receive such a vote from the stockholders. Further, stockholders may communicate directly with the Board as described under "Proposal 1: Election of Directors—Communications with Stockholders." Stockholders also have the right to submit proposals for consideration at an annual meeting and for inclusion in the Company's proxy statement, subject to the rules and regulations of the Commission.

The Board also believes that the current procedure, whereby the Nominating & Governance Committee is responsible for helping the Board to identify potential nominees who are qualified to serve on the Board, has worked well and continues to work well for our Company. The historical performance of the Company, including its fifth straight year of record-setting adjusted sales and earnings in 2015, led by a Board selected based on the above considerations, demonstrates the effectiveness of the Board's current director nominee selection process.

Board Recommendation

After careful consideration of this proposal, the Board believes that it is not in the best interests of the Company and its stockholders to implement proxy access at this time. We will continue to monitor evolving market practices, so that the Board can make an informed decision as to whether, and the proper terms upon which, to implement proxy access.

The Board recommends a vote AGAINST the stockholder proposal on proxy access.

COMPENSATION-RELATED MATTERS

Compensation Discussion and Analysis

Executive Summary

Performance Overview

Fiscal 2015 was another record-setting year. We delivered our fifth straight year of best-ever adjusted sales and earnings under the leadership of our NEOs, including our CEO:

- Operating income increased $239 million or 12%
- Net sales increased $700 million or 6%
- Comparable store sales increased 5%
- Adjusted earnings per share[1] increased 14%
- Total shareholder return was 19% and our stock price increased 14%

We are committed to returning value to our stockholders through a combination of dividends and share repurchase programs. In fiscal 2015, we increased our regular annual dividend 47% from $1.36 to $2.00 per share, paid a $2.00 per share special dividend and repurchased $483 million in stock. This commitment as well as our confidence in our growth opportunities is further demonstrated by increasing the annual dividend for 2016 20% from $2.00 to $2.40 per share, paying an additional $2.00 per share special dividend and authorizing a new $500 million share repurchase program.

Our ability to deliver strong financial performance and provide extraordinary returns to stockholders is a direct result of focus and disciplined execution in our business by our NEOs and their success is reflected in their compensation for fiscal 2015.

[1] The reconciliation of such measure to the comparable figure determined in accordance with accounting principles generally accepted in the United States ("GAAP") is included on page 23 of the Company's 2015 Annual Report on Form 10-K.

2015 Compensation Decisions Overview

NEO base salaries and short term performance-based incentive compensation targets for fiscal 2015 were set in March 2015 based on fiscal 2014 performance and our goals for 2015. Fiscal 2015 compensation decision highlights include:

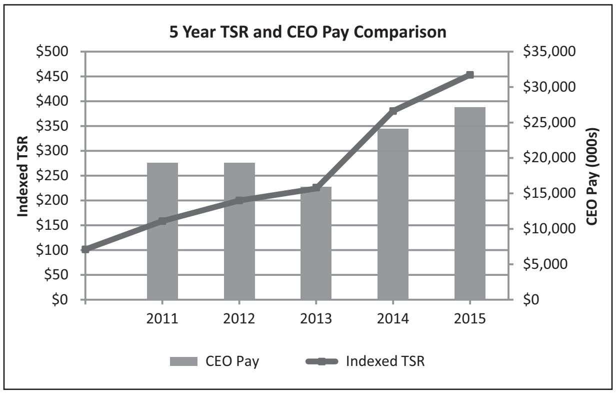
- Awarded Mr. Wexner performance-based stock awards in January 2016 with a target value of approximately $14.1 million based on the achievement of financial and strategic goals during fiscal 2015 and stock performance that ranks in the top three of our peer companies and exceeds the S&P 500 Index by 22 percentage points;
- Increased the base salary for each of the NEOs for the first time in at least two years (seven years in the case of Mr. Wexner) based on our growth and accomplishments in the last several fiscal years, including continued record-setting sales and earnings performance in 2013 and 2014;
- Increased short term performance-based incentive compensation targets for each of the NEOs to incent future performance and further leverage their compensation;
- Increased the target value of performance-based RSUs awarded to NEOs other than Mr. Wexner in April 2015 to recognize our record-setting financial performance in fiscal 2014, provide significant retentive value for these NEOs and incent future performance;
- Set short term incentive compensation goals at targets that require continued growth in operating income over record fiscal 2014 results; and
- Continued the cumulative, long-term, relative performance measure required for NEOs to earn RSUs.

Pay for Performance

Our compensation program requires superior performance for our NEOs to earn performance-based incentives at target. While both total shareholder return and total CEO compensation have increased over the last four years as a result of the Company's outstanding performance, the Company's increase in stockholder return, including reinvested dividends, exceeds the rate of increase in total CEO compensation (as disclosed in the 2015 Summary Compensation Table):

- Over the last five years (since the beginning of fiscal 2011) our shareholder return was 35% on an annualized basis (352% in the aggregate) while our CEO's compensation increased 7% on an annualized basis; and
- Over the last year, the total shareholder return was 19% while total CEO compensation increased 13%.

Our total shareholder return over the last five years is the best of the companies in our peer group and outperformed the S&P 500 Index by 26 percentage points. The following chart illustrates how the increase in stockholder returns exceeds the rate of increase in total CEO compensation:



The effectiveness of our compensation program at delivering pay for performance is further validated by an analysis conducted by the Compensation Committee's independent compensation consultant to determine the alignment of pay and performance. The consultant reported to the Compensation Committee that our NEO compensation is aligned with performance and appropriate based on the competitive market, achievement of performance goals and total returns delivered to our stockholders.

Stockholder Advisory Vote

In 2015, 91% of our stockholders voted in favor of our executive compensation program. The Compensation Committee considers this vote and other stockholder/advisory group feedback when making compensation decisions for NEOs. Based on the strong support as well as feedback from our engagement with major stockholders, we did not make structural changes to our executive compensation program in 2015.

We have implemented the following compensation practices in accordance with our corporate governance principles and/or in response to previously received stockholder and advisory group feedback:

✓ No tax gross-ups for NEOs upon a change in control.

✓ "No hedging" policy governing stock trading.

✓ Policy that discourages pledging of Company stock and requires advance approval by our General Counsel. None of our NEOs or Board members have pledged Company stock.

✓ No re-pricing of stock options without stockholder approval.

- ✓ Double trigger vesting of equity awards upon a change in control for all equity awards since 2011 (applicable to all unvested awards as of April 1, 2016) plus a policy that prohibits the future issuance of single trigger awards.
- ✓ Clawback policy as described under "—Compensation Governance—Recovery of Compensation."
- ✓ Stock ownership guidelines set at five times base salary for our CEO, three times base salary for other NEOs and four times the annual stock retainer for Board members.
- ✓ Stock plan that requires a vesting period of at least one year:
  - ✓ Three year minimum vesting period for RSUs that are based on the passage of time; and
  - ✓ One year minimum vesting period for stock options and for RSUs that are earned based on performance.
  - ✓ While these are the minimum requirements under the plan, stock options and performance-based RSUs awarded to our NEOs generally vest over five years.

<u>Conclusion</u>

We continue to deliver extraordinary returns and are committed to creating long term value for our stockholders. The Company's fifth straight year of record-setting sales and earnings was led by our NEOs who are incented to perform by our compensation program and its connection to results. Our performance in 2015 is reflected in the pay for our NEOs. Base salaries and targeted long term performance-based equity incentive compensation for the NEOs increased from fiscal 2014 to 2015 in recognition of their continued success in the difficult challenge of beating our best-ever results. Short term performance-based cash incentive compensation increased in connection with operating income performance that surpassed our stretch goals. In summary, we see alignment between our performance, our stockholders' interests and our pay. Accordingly, we recommend stockholders vote FOR the executive compensation program as outlined in Proposal 4.

Executive Compensation Philosophy

Guiding Principles

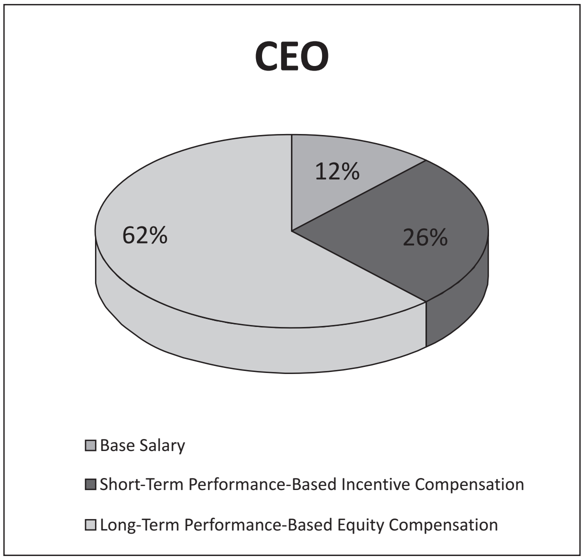
The Compensation Committee has built an executive compensation program on clear, purposeful guiding principles:

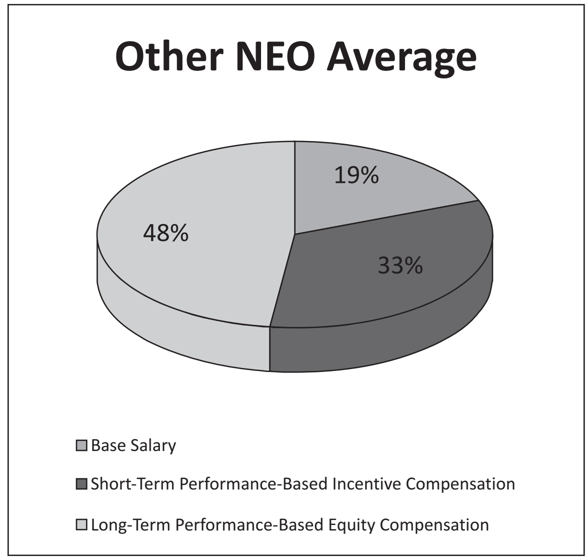
Compensation Component	Our Principles
Pay Level	• Attract and retain superior leaders in the highly competitive market for talent. • Pay competitively and equitably. • Recognize depth and scope of accountability and complexity of responsibility.
Pay Mix	• Emphasize performance-contingent, long term and equity-based compensation over fixed compensation.
Pay for Performance	• Recognize and reward enterprise, brand and individual performance. • Align executives' interests with stockholders' interests. • Require executives to own a significant amount of Common Stock. • Set Spring and Fall goals to reflect the seasonal nature of our business and incent goal achievement in each season. • Create long-term stockholder value through regular achievement of short-term goals while pursuing our longer-term strategy of growth in North America and internationally and increasing operating margins. • Retain and incent high-performers through long-term equity incentive awards.

Connecting Performance and Pay

Our challenging incentive goals require superior performance, including substantial growth in operating income year over year to achieve target pay. When our NEOs hit and exceed these goals, we compensate them accordingly.

To achieve pay for performance, we employ a pay mix philosophy that places greater emphasis on performance-based and equity compensation over base salary. In fact, until fiscal 2015, our CEO had not received an increase in base salary since 2008. The following charts illustrate our pay mix philosophy which consists of a lower percentage of base salary compared to performance-based pay at target for 2015:





To assess whether the Company's compensation program delivers pay for performance as designed, the Compensation Committee's independent compensation consultant, Towers Watson (which merged with Willis Group Holdings in January 2016 and is referred to as Willis Towers Watson hereafter), analyzed our performance-based long term equity and short term cash compensation for our NEOs across four key measures (operating income, earnings per share, total stockholder return and return on invested capital) relative to our peer group. The analysis shows that both pay and performance are in the top quartile of our peer group.

Based on this analysis, Willis Towers Watson and the Compensation Committee concluded that our NEO compensation is aligned with performance and appropriate based on the competitive market, achievement of performance goals and total returns delivered to our stockholders.

Compensation Comparison

We compare our NEO compensation with publicly available data on executive compensation.

We define our peer group, with the help of Willis Towers Watson, to generally include:

- Specialty and department store retailers;
- Companies with brands that have emotional content;
- Businesses that are generally similar to the Company in total revenue, market capitalization, global locations, business and/or merchandise focus; and
- Retailers that compete with the Company for executive talent.

We review our peer group annually and removed Ann Inc. in 2015 when it was acquired by Ascena Retail Group. Following our review, our peer group consists of the following companies:

Abercrombie & Fitch Co.	The Gap, Inc.	Ralph Lauren Corporation
American Eagle Outfitters, Inc.	J. C. Penney Company, Inc.	Starbucks Corporation
Avon Products, Inc.	Kohl's Corporation	Target Corporation
Coach, Inc.	Macy's, Inc.	The TJX Companies, Inc.
DSW, Inc.	NIKE, Inc.	Williams-Sonoma, Inc.
The Estee Lauder Companies Inc.	Nordstrom, Inc.	

We do not specifically benchmark our NEOs' compensation against our peer group. Instead, we consider peer comparisons as one of several factors in applying our pay philosophy and setting the pay of our NEOs.

Stock Ownership Guidelines

The Compensation Committee encourages NEO Common Stock ownership through stock ownership guidelines which promote a long term focus, discourage inappropriate risk-taking and align the interests of our NEOs with those of our stockholders. Stock ownership guidelines can be met through direct or beneficial ownership of Common Stock, including Common Stock held under our stock and retirement plans.

Our CEO is required to maintain ownership of Common Stock with a value of five times his base salary. As the beneficial owner of 15.98% of Common Stock, Mr. Wexner's ownership well exceeds this minimum requirement.

Other NEOs are required to maintain beneficial ownership of Common Stock with a value of three times his or her base salary. All of these NEOs have beneficial ownership in excess of this guideline as of the end of fiscal 2015.

Members of our Board must maintain ownership of at least the number of shares of Common Stock received as Board compensation over the previous four years. All members of our Board are in compliance with this policy.

Compensation for NEOs

The Compensation Committee makes all decisions regarding compensation for Mr. Wexner. The Compensation Committee oversees the evaluation process and compensation structure for the other NEOs and approves all NEO stock awards.

Target compensation for the NEOs is reviewed annually and is designed to reward historical performance, incent future performance and be competitive with the external market for talent. The following fiscal 2014 accomplishments were considered in setting NEO target compensation for 2015:

- Increased sales 6% to $11.5 billion driven by a comparable store sales increase of 4%.
- Increased earnings per share by 15% to $3.50.
- Increased merchandise margin rate.
- Improved operating income rate from 16.2% to 17.1% driven by growth in all segments.
- Delivered total shareholder return of 69%.
- Increased focus on our core categories by exiting most apparel categories at Victoria's Secret Direct and the make-up business at Victoria's Secret Stores.
- Continued international expansion of our brands.
- Returned value to stockholders through a combination of dividends and share repurchase programs.

When setting target compensation for 2015, the Compensation Committee also considered the Company's future challenges and goals, including expectations of continued growth and improved margins against potential market challenges and continued international expansion efforts.

Compensation Components

The three principal elements of our executive compensation programs are base salary, short term performance-based cash incentive compensation and long term performance-based equity incentive compensation. Other elements of compensation that may be paid to NEOs include retirement and other post-employment benefits and perquisites.

Base Salary

The following factors are considered in determining base salary adjustments:

- Scope and responsibility of the NEO's position;
- Achievement of seasonal and annual business goals;
- Level of overall compensation paid by competitors for comparable positions;
- Recruitment, retention and development of leadership talent;
- The Company's challenging expectations for future growth; and
- The appropriate balancing of our NEOs' base salary against their incentive compensation.

For the first time since 2008, Mr. Wexner received an increase to his base salary. The other NEOs also received base salary increases in recognition of their contributions to the continued success of the Company. Mr. McGuigan's increase also reflects his assumption of additional responsibilities and is intended to align his compensation with internal and external positions of similar scope and importance. Mr. Coe's increase is based on his achievement of business goals for Bath & Body Works, recognizes his successful leadership and is intended to be highly competitive with the external market.

	2015 Base Salary ($)	2014 Base Salary ($)	% Increase
Mr. Wexner	2,000,000	1,924,000	4.0%
Ms. Turney	1,500,000	1,442,000	4.0%
Mr. McGuigan	1,250,000	978,500	27.7%
Mr. Coe	1,000,000	925,000	8.1%
Mr. Burgdoerfer	852,800	824,000	3.5%

Short Term Performance-Based Cash Incentive Compensation

This program focuses on achievement of six-month goals, reflecting the seasonal nature of our business and the fact that achievement of our short term goals season after season creates long term value for our stockholders. Our operations consist of two principal selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters). Fall, including the holiday season, is weighted more heavily because of its importance to our profitability.

Short term performance-based cash incentive compensation targets are set at a percentage of base salary with the amount earned ranging from zero to double the target incentive, based on the extent to which financial goals are achieved or exceeded.

The financial incentive provided by the short term performance-based incentive compensation plan is a key component in driving the exceptional performance of the Company and our NEOs to produce record-breaking success year after year. In 2015, target percentages for each of the NEOs were increased to incent future performance and place further emphasis on the performance-based component of their compensation package:

	Fiscal 2015 Target	Fiscal 2014 Target
Mr. Wexner	220%	200%
Ms. Turney	200%	190%
Mr. McGuigan	150%	140%
Mr. Coe	160%	150%
Mr. Burgdoerfer	150%	135%

The pre-established objective fiscal 2015 financial goals were based solely on operating income, subject to adjustment for extraordinary items pursuant to the 2015 Incentive Compensation Performance Plan (the "2015 ICPP") and approved by the Compensation Committee. Operating income is used because it is a performance measure over which executives can have significant impact and is also directly linked to the Company's long-range growth plan and to performance that drives stockholder value. When evaluating operating income goals, the Compensation Committee compares the increase in operating income relative to the change in the incentive payments to associates at target.

Operating income goals are set at the beginning of each six-month season based on:

- An analysis of historical performance;
- Income goals for that brand;
- Financial results of other comparable businesses; and
- Progress toward achieving our strategic plan.

NEO	Short Term Performance Incentive Goal Weighting and Metric
Mr. Wexner Mr. Burgdoerfer Mr. McGuigan	80% weighted average of major brand performance: 55% Victoria's Secret operating income 30% Bath & Body Works operating income 15% Other operating income 20% total L Brands operating income
Ms. Turney	100% Victoria's Secret operating income
Mr. Coe	100% Bath & Body Works operating income

In fiscal 2015, the Compensation Committee set goals that challenged our NEOs to achieve outstanding performance in an uncertain economic environment and provided incentive to grow sales while maximizing margins and managing expenses. The goals generally require substantial growth in operating income over the record-setting results we achieved in fiscal 2014 and consider the difficulty in beating these best-ever results.

Spring season operating income goals for Victoria's Secret when compared to actual results for fiscal 2014 are generally flat due to the projected decrease in operating income at Victoria's Secret Direct resulting from the reduction in focus on the apparel merchandise category.

The table below shows the operating income goals required to earn short term performance-based incentive compensation at target and actual performance by season:

	Fiscal 2015 Spring Season		Fiscal 2015 Fall Season	
	Operating Income Goal	**Actual Performance[1]**	**Operating Income Goal**	**Actual Performance[1]**
Total L Brands	$745 million	$775 million	$1,325 million	$1,417 million
Victoria's Secret	575 million	588 million	745 million	805 million
Bath & Body Works	205 million	233 million	559 million	603 million
Other[2]	85 million	108 million	182 million	203 million

[1] Actual performance presents operating income on an adjusted basis which removes certain special items (subject to approval by the Compensation Committee) which are not indicative of Company ongoing operations due to their non-recurring and extraordinary nature. The Company uses adjusted financial information as key performance measures of results for purposes of evaluating performance internally, which may not correspond to amounts reported externally.

[2] Other includes business unit operating income that is an internal performance measure and does not correspond to amounts reported externally.

Performance goals required to earn threshold payout range from approximately 85% to 90% of target and performance goals required to earn maximum payout range from approximately 110% to 120% of target. Performance below threshold results in no payout and performance between threshold and target and target and maximum is interpolated to determine payout percentage beginning at 20% at threshold up to 200% at maximum.

Payouts for fiscal 2015 performance are set forth below and in the "Non-Equity Incentive Plan Compensation" column of the 2015 Summary Compensation Table.

Total Fiscal 2015 Incentive Payout

	Fiscal 2015 Target Incentive	Fiscal 2015 Spring Incentive Payout	Fiscal 2015 Fall Incentive Payout	Total Fiscal 2015 Payout	% of Fiscal 2015 Target
Mr. Wexner	$4,400,000	$2,509,760	$4,239,840	$6,749,600	153%
Ms. Turney	3,000,000	1,417,200	3,297,600	4,714,800	157%
Mr. McGuigan	1,875,000	1,069,500	1,806,750	2,876,250	153%
Mr. Coe	1,600,000	1,280,000	1,920,000	3,200,000	200%
Mr. Burgdoerfer	1,279,200	729,656	1,232,637	1,962,293	153%

Long Term Performance-Based Equity Incentive Compensation

Stock awards are made to our NEOs under the 2015 Stock Options and Performance Incentive Plan (the "2015 Plan"). Our equity-based long term performance-based incentive program rewards past performance and encourages future performance with a challenging performance requirement for our NEOs. In addition, the vesting requirements increase the likelihood that we will be able to retain executives who are critical to our success.

Individual performance (including contribution to the achievement of business goals, execution of retail fundamentals and accomplishment of talent and cultural objectives), competitive practice, the Company's overall budget for equity compensation expense and stockholder dilution, internal equity and retention risk are all considered in determining the size of each NEO's fiscal 2015 equity award.

Stock Options

Stock options are intended to align executive interests with stockholder interests by creating a direct link between compensation and stockholder return, and to foster retention. Stock options granted to each NEO vest over five years, subject to continued employment. The exercise price is equal to the grant date closing price of Common Stock.

Performance-Based RSUs

Performance-based RSUs are intended to:

- Incent achievement of key performance metrics (through the performance requirement);
- Align executive rewards with those realized by stockholders (through the market value of our stock);
- Retain superior executive talent (through the time vesting requirements); and
- Reward exceptional individual performance (through annual determination of the size of the award).

Performance-based RSUs awarded to NEOs other than Mr. Wexner in April 2015 recognize record financial performance in fiscal 2014 and provide significant retentive value for NEOs. Below is a summary of the performance-based RSU awards and stock options awarded in fiscal 2015:

	Value of Performance-Based RSU Award	Value of Stock Option Award	Total Fiscal 2015 Equity Award Value
Mr. Wexner	$13,005,048	$3,998,333	$17,003,381
Ms. Turney	5,618,477	534,079	6,152,556
Mr. McGuigan	4,060,166	254,325	4,314,491
Mr. Coe	3,178,121	203,455	3,381,576
Mr. Burgdoerfer	2,710,253	173,503	2,883,756

Note: While the performance requirement is the same, the amount and timing of Mr. Wexner's equity award are determined on a different basis than that of our other NEOs, as described in detail below.

In order for performance-based RSUs to be earned, the Company's cumulative adjusted operating income, as a percentage of cumulative sales, must be in the top one-third of the S&P Retailing Index (also determined on a cumulative and adjusted basis) beginning with the fiscal year of the award through the fiscal year immediately preceding each vest date. While operating income is the sole performance metric used for our short term performance-based cash incentive compensation program, the use of operating income as a percentage of sales for our long term performance-based incentive program requires both operating income and sales performance and measures the efficiency of our sales. In addition, the relative metric requires that our performance significantly exceeds that of companies within our industry for the pre-determined performance goal to be achieved. Furthermore, the cumulative performance metric requires sustained performance over the five-year vesting period reflecting long term performance of the Company.

Performance-based RSUs vest over five years, with 20% vesting on each of the second and third anniversaries of the grant date, and 30% on each of the fourth and fifth anniversaries, in each case subject to the performance measures being satisfied and continued employment. To the extent any tranche of the award that is eligible for performance-based vesting does not vest in any fiscal year, such tranche may vest in future years, subject to satisfaction of the cumulative performance measure. The cumulative performance metric requires any performance shortfall in any period to be made up on a cumulative basis in any subsequent periods for any vesting tranche to be earned. If the cumulative performance metric is not met at the end of the five-year performance period, all unvested performance-based RSUs will be forfeited.

Equity awards are effective the later of the date the grant is approved or the date of hire or other relevant effective date.

Retirement and Other Post-Employment Benefits

Retirement and other post-employment benefits consist of qualified and non-qualified defined contribution retirement plan benefits and termination benefits.

Qualified Defined Contribution Retirement Plan

The qualified plan is available to all associates who meet certain age and service requirements. Associates can contribute up to the amounts allowable under the Internal Revenue Code of 1986 (the "Code"). The Company matches associates' contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associates' contributions and Company matching contributions to the qualified plan vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service.

Non-Qualified Defined Contribution Supplemental Retirement Plan

The non-qualified plan is available to all associates who meet certain age, service, job level and compensation requirements. The non-qualified plan is an unfunded plan which provides benefits beyond the Code limits for qualified defined contribution plans. The Company does not set aside assets to fund liabilities of the non-qualified plan. Assets that may be used to satisfy such liabilities are general assets of the Company, subject to the claims of the Company's creditors.

Associates can contribute to the non-qualified plan up to a maximum percentage of eligible compensation. The Company matches associates' contributions and contributes additional amounts based on a percentage of the associates' eligible compensation and years of service.

The plan also permits participating associates to defer additional compensation up to a maximum amount which the Company does not match.

Associates' contributions to the non-qualified plan and the related interest accruals vest immediately. Company contributions and credits to the non-qualified plan and the related interest are subject to vesting based on years of service.

Termination Benefits: Severance and Change in Control Agreements

We have entered into severance and change in control agreements with our NEOs other than Mr. Wexner. See "Retirement and Other Post-Employment Benefits—Estimated Post-Employment Payments and Benefits" for a description of estimated benefits in certain termination situations, including a change in control. On February 12, 2016 the Company announced the resignation of Sharen Jester Turney as President and CEO of Victoria's Secret. Ms. Turney transitioned out of her employment at the end of March 2016 and will be entitled to certain payments and benefits under the terms of her employment agreement as described under "Retirement and Other Post-Employment Benefits—Estimated Post-Employment Payments and Benefits."

Upon a change in control, awards will only vest if the executive's employment is terminated by the executive for good reason or by the Company other than for cause within 24 months of the change in control.

None of our NEOs is entitled to a tax gross-up upon a change in control. It is the Company's policy not to enter into any new arrangements providing for change in control excise tax gross-up payments.

Perquisites

We provide our NEOs with minimal perquisites that the Compensation Committee has determined are reasonable and in the best interests of the Company and its stockholders. These perquisites include the reimbursement of financial planning costs of up to $9,500 and for Ms. Turney, payment of life insurance policy premiums.

CEO Compensation

Overview of CEO Pay

Mr. Wexner is a recognized unique talent: an innovator and leader in the retail industry. His long record of success in leading the Company is unmatched in scope and duration by any other retailer. In November 2015, Mr. Wexner was recognized by the Harvard Business Review as the best-performing CEO in the world based on total shareholder return during his tenure as our founder and CEO. The Compensation Committee has determined that his extraordinary contributions as the Company's CEO deserve to be fully reflected in his compensation.

The Company's performance, including significant increases in sales, operating income and adjusted earnings per share in fiscal 2015 over fiscal 2014, is reflected in Mr. Wexner's short-term and long-term performance-based incentive compensation for fiscal 2015. The increase year over year from fiscal 2014 to 2015 is linked to an increase to Mr. Wexner's base salary, an increase to his target short term performance-based incentive compensation, as well as performance that exceeded our stretch goals. The increases to Mr. Wexner's base salary and target short term performance-based incentive compensation were made by the Compensation Committee in accordance with the Compensation Committee's belief that Mr. Wexner should be rewarded for his continued ability to drive performance, growth and shareholder returns.

CEO Stock Award Determination Overview

Beginning with fiscal 2010, the Compensation Committee implemented an annual process in which Mr. Wexner's stock grant would be a "split grant" delivered in two parts—one in the Spring at the same time other senior executives receive stock grants, and one near the end of the Fall season when Mr. Wexner's and the Company's performance can be substantially determined for the fiscal year.

Spring 2015 Award

The value of the Spring stock award is set below the competitive market to provide a baseline award while imposing a performance requirement for the award to be earned. The Compensation Committee granted Mr. Wexner a stock award in Spring 2015 with a reported value of $2.9 million.

Fall 2015 Award

As the fiscal year draws to a close, the Compensation Committee assesses both Mr. Wexner's and the Company's performance, and if deemed appropriate, grants Mr. Wexner a performance-based stock award in January. This Fall stock award is intended to recognize financial, strategic and operational performance for the fiscal year and incent future performance.

For fiscal 2015, the Compensation Committee set the Fall stock award value range from zero at minimum, to $7.3 million at target and $17.8 million at maximum.

The range was set in recognition of Mr. Wexner's standing as a top-performing CEO and in consideration of a benchmark of stock award values for CEOs in our peer group. The Compensation Committee also considered the importance of Mr. Wexner's experience and leadership to the Company's outstanding performance, including the delivery of high total shareholder return, which has increased at a much more rapid rate than his compensation.

- The top of the range has been strategically positioned so that if all qualitative, objective and financial performance targets for the year are exceeded, and if the Company is among the highest performing of our peer companies, Mr. Wexner's stock award value would be among the top of our peer group.
- Conversely, if performance is below targeted levels, Mr. Wexner's stock award value would be correspondingly lower or there would be no Fall stock award.

In addition to performance against pre-established financial targets, the Compensation Committee considers factors such as leadership talent development, the identification and development of new business opportunities, and success in fostering a high performance culture, in determining the size of Mr. Wexner's Fall stock award. Once the size of the grant is determined, the Compensation Committee imposes a performance metric that the Company must achieve over the vesting period in order for Mr. Wexner to vest in the award.

In January 2016, the Compensation Committee granted Mr. Wexner a fiscal 2015 stock award with a reported value of $14.1 million based on the performance of the Company and his role and leadership in its accomplishments for the current fiscal year, including:

- Increasing sales 6%, operating income 12%, adjusted net income[1] 14% and adjusted earnings per share[1] 14%;
- Growth of the business in North America through compelling merchandise assortments, marketing and store and online experiences for our customers;
- Management of fundamentals including controlling inventory, expenses and capital with discipline, faster execution and expense leverage;
- Expansion of operations outside the United States and Canada including 149 new company-owned and franchised stores;
- Accomplishment of talent and cultural objectives;
- Optimization of capital structure, allowing the Company to pay cash out to shareholders, while maintaining a strong credit profile among lenders, landlords and suppliers; and
- Return of value to stockholders that is the best among our peer companies, including annualized total shareholder returns of 19%, 30% and 35% over one, three and five years, respectively.

Both the Spring and Fall awards are delivered 75% in the form of performance-based RSUs and 25% in the form of stock options. Mr. Wexner's RSU awards are subject to the same performance and vesting requirement as those of our other NEOs. The performance-based RSUs and stock options vest over five years, with 20% vesting on each of the second and third anniversaries of the grant date, and 30% on each of the fourth and fifth anniversaries. Performance-based RSUs must be earned based on achievement of adjusted operating income, as a percentage of cumulative sales, in the top one-third of the S&P Retailing Index (also determined on a cumulative and adjusted basis).

[1] The reconciliation of such measure to the comparable figure determined in accordance with GAAP is included on page 23 of the Company's 2015 Annual Report on Form 10-K.

CEO Termination Benefits

Due to his unique role as the founder of the Company, Mr. Wexner is not covered by a severance or change in control agreement. However, consistent with the treatment for all stock plan participants under the terms of our 2015 Plan and prior plan, all of Mr. Wexner's unvested stock options and RSUs will vest upon death. Subject to the achievement of pre-established performance conditions, RSUs will continue to vest upon Mr. Wexner's total disability. Upon retirement, RSUs will vest pro-rata based on the fraction of whole months worked from the grant date over the full vesting period (i.e., one-fifth will vest if twelve full months are completed from the grant date for a grant that would otherwise vest over five years), subject to achievement of pre-established performance conditions. In the event of a change in control, unvested RSU awards will vest if Mr. Wexner's employment is terminated other than for cause within 24 months of the change in control.

CEO Perquisites

The Board of Directors has approved a security program (the "Security Program") that provides security services to Mr. Wexner and his family. The Security Program is required for the benefit of the Company and is appropriate given the risks associated with Mr. Wexner's position. We periodically hire a third party to review our Security Program to verify that a bona fide business oriented security concern exists and that the Security

Program costs are reasonable and consistent with these concerns. The Security Program requires Mr. Wexner to use corporate provided aircraft, or private aircraft that is in compliance with the Security Program, whether the purpose of the travel is business or personal.

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

Compensation Governance

Compensation Committee

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

As part of its self-evaluation process, the Compensation Committee considers prevailing best practices and compliance with the highest governance standards. During fiscal 2015, the Compensation Committee also continued to engage with the full Board to maximize its effectiveness. The role of the Compensation Committee and information about its meetings are set forth in this proxy statement.

The Compensation Committee participated in the preparation of this CD&A and recommended to the Board that it be included in this proxy statement.

The Compensation Committee, together with the Company, also evaluates the Company's compensation structure from the perspective of enterprise risk. The Compensation Committee believes that the Company's compensation structures are appropriate and do not incentivize inappropriate taking of business risks.

The Compensation Committee's charter is available on our website at *www.lb.com*.

Committee Meetings and Delegation

Company management, including the Chief Operating Officer and the Chief Financial Officer, attends Compensation Committee meetings along with the Senior Vice President of Total Rewards, who generally prepares meeting materials, and the Corporate Secretary, who records the minutes of the meeting. Management, including the CEO, does not play a role in recommending CEO compensation. The Compensation Committee regularly meets in executive session without management present.

The Compensation Committee may delegate its authority to subcommittees or the Chair of the Compensation Committee. In accordance with its charter, the Compensation Committee has delegated to our Chief Operating Officer, or his designee, the authority to make stock awards in accordance with the Company's stock incentive plan with a value up to $400,000 in any year to any associate who is not a Section 16 officer of the Company or a senior leadership team member.

Independent Compensation Consultant

As permitted by its charter, the Compensation Committee retained Willis Towers Watson as its independent executive compensation consultant and has the sole authority to retain and terminate any independent executive compensation consultant.

The Compensation Committee, considering recommendations from our management team, determines the work to be performed by the consultant. The consultant works with management to gather data required in preparing analyses for Compensation Committee review. Specifically, the services the consultant provides include:

- Assisting in evaluation of CEO and other NEO compensation;
- Informing the Compensation Committee of changing market practices;
- Consulting on our executive compensation strategy and program design;
- Analyzing alignment of pay and performance;
- Assisting in the selection of our peer group; and
- Assisting in the preparation and review of this disclosure.

Willis Towers Watson did not provide additional services to the Company exceeding $120,000 during the fiscal year.

The Compensation Committee evaluates the performance and independence of Willis Towers Watson, specifically considering independence factors identified by the Commission. This evaluation includes a review of written representations from Willis Towers Watson confirming their independence. Based on its evaluation, the Compensation Committee believes that there are no conflicts of interest that could impair Willis Towers Watson's ability to provide independent, objective advice to the Compensation Committee regarding executive compensation matters.

Tax Deductibility

The Compensation Committee seeks to structure tax-efficient executive compensation. The 2015 ICPP and the 2015 Plan are intended to qualify short term cash incentive payments and long term equity incentive compensation for tax deductibility under Section 162(m) of the Code. To maintain flexibility in structuring executive compensation, the Compensation Committee has not adopted a policy requiring all compensation to be tax deductible.

Recovery of Compensation

Under the 2015 ICPP and the 2015 Plan, the Compensation Committee has the power and authority to recover previously awarded bonuses or equity-based compensation or profits if (i) required by applicable law with respect to a participant, (ii) a participant engaged in fraudulent conduct or activities (or had knowledge of such conduct or activities) relating to the Company or (iii) a participant should have had knowledge of such conduct or activities based on his or her position, duties or responsibilities.

Tally Sheets

To assess the reasonableness of the compensation of our NEOs, the Compensation Committee annually reviews a three-year history of all of the components of the NEOs' compensation, including salary, short term incentive compensation, realized and unrealized gains on stock options and RSUs, the cost to the Company of all perquisites, benefits earned and accrued under the Company's non-qualified deferred compensation plan and supplemental executive retirement plan, and potential payouts under several potential severance and change-in-control scenarios. Based on this review, the Compensation Committee concluded that compensation components individually and in aggregate are reasonable, encourage retention, incent performance and are in the best interests of the Company and its stockholders.

Conclusion

In summary, fiscal 2015 was another year of record-setting performance and returns to stockholders that outpaced our peers and the general market. Our ability to deliver strong financial performance and provide extraordinary returns to stockholders is a direct result of focused and disciplined execution by our NEOs. Their success is reflected in their compensation for fiscal 2015 demonstrating our commitment to delivering pay for performance.

The effectiveness of our compensation program at providing pay for performance over time is further validated by our financial performance over the last five years relative to the increase in CEO pay. Since 2010, the average annual increase in adjusted sales, operating income, earnings per share and total shareholder return exceeds the average increase in CEO compensation over the same time period. Our compensation program is aligned with our performance over time, providing incentives that are in the best interest of our stockholders.

Based on the above, we recommend stockholders vote FOR the executive compensation program.

2015 Summary Compensation Table

The following table sets forth information concerning total compensation earned by or paid to our CEO, Chief Financial Officer and our three other most highly compensated NEOs during the fiscal year ended January 30, 2016.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)(3)	Option Awards ($)(2)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($) (1)(2)(3) (4)(5)(6)
Leslie H. Wexner	2015	$1,985,385	$0	$13,005,048	$3,998,333	$6,749,600	$498,794	$930,940	$27,168,100
Chairman of the Board, CEO	2014	1,924,000	0	11,174,435	3,410,577	6,342,273	448,922	793,829	24,094,036
	2013	1,924,000	0	7,509,032	2,256,513	2,839,670	410,405	936,302	15,875,922
Sharen J. Turney	2015	1,488,846	0	5,618,477	534,079	4,714,800	305,512	670,568	13,332,282
CEO/President, Victoria's	2014	1,442,000	0	3,397,860	675,438	4,636,838	267,668	493,062	10,912,866
Secret	2013	1,433,923	0	3,342,816	775,527	1,427,580	235,835	578,653	7,794,334
Charles C. McGuigan	2015	1,197,788	0	4,060,166	254,325	2,876,250	79,210	391,404	8,859,143
Chief Operating Officer,	2014	978,500	0	2,259,482	261,901	2,257,869	66,695	315,018	6,139,465
CEO/President, Mast Global	2013	973,019	0	3,055,714	300,715	988,128	57,036	385,589	5,760,201
Nicholas Coe	2015	985,577	0	3,178,121	203,455	3,200,000	19,137	346,684	7,932,974
CEO/President, Bath & Body	2014	925,000	0	2,075,856	247,587	2,373,735	10,815	274,511	5,907,504
Works	2013	905,769	0	5,309,728	284,272	1,230,639	4,111	227,160	7,961,679
Stuart B. Burgdoerfer	2015	847,262	0	2,710,253	173,503	1,962,293	49,375	309,802	6,052,487
Executive Vice President,	2014	824,000	0	1,849,186	220,550	1,833,458	40,300	262,535	5,030,029
Chief Financial Officer	2013	819,385	0	1,091,541	253,235	800,104	33,226	295,408	3,292,899

(1) Performance-based incentive compensation bonuses are disclosed in this table under the Non-Equity Incentive Plan Compensation column. None of our NEOs received a nonperformance-based award in fiscal 2015.

(2) The value of stock and option awards reflects the aggregate grant date fair value, excluding estimated forfeitures, computed in accordance with Accounting Standards Codification ("ASC") Topic 718 Compensation—Stock Compensation, for each award. Stock options are valued using the Black-Scholes option pricing model. See Note 18 to the Company's financial statements filed in the Company's 2015 Annual Report on Form 10-K for the related assumptions for stock options granted during fiscal 2015, 2014 and 2013 and for a discussion of our assumptions in determining the aggregate grant date fair value of these awards. Awards vest over time and, therefore, are not realizable on an annual basis, nor is the ultimate value determinable without reference to future performance.

(3) Stock and option awards were granted to each NEO under the Company's 2011 Stock Option and Performance Incentive Plan (the "2011 Plan") and the 2015 Plan. Awards are long term compensation and generally vest over five years and are not realizable on an annual basis.

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

	Paid in Cash ($)	Deferred Cash ($)	Total ($)
Mr. Wexner	$6,547,112	$202,488	$6,749,600
Ms. Turney	4,571,510	143,290	4,714,800
Mr. McGuigan	2,790,701	85,549	2,876,250
Mr. Coe	3,101,412	98,588	3,200,000
Mr. Burgdoerfer	1,898,854	63,439	1,962,293

(5) The Company does not sponsor a defined benefit retirement plan (tax-qualified or non-qualified). For fiscal 2015, the amounts shown represent the amount by which earnings on each NEO's non-qualified plan balance exceed 120% of the applicable federal long term rate.

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

	Financial planning services provided to executive ($)	Life insurance premiums and related tax paid on executive's behalf ($)	Cash payout of fractional shares due to special dividend stock award adjustment ($)	Company contributions to the executive's qualified and non-qualified retirement plan account ($)	Total ($)
Mr. Wexner	$ 0	$ 0	$805	$930,135	$930,940
Ms. Turney	9,500	14,919	607	645,542	670,568
Mr. McGuigan	3,410	0	718	387,276	391,404
Mr. Coe	0	0	380	346,304	346,684
Mr. Burgdoerfer	9,500	0	391	299,911	309,802

Grants of Plan-Based Awards for Fiscal 2015

The following table provides information relating to plan-based awards and opportunities granted to the NEOs during the fiscal year ended January 30, 2016.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(5)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Leslie H. Wexner	4/2/2015								25,693	$93.41	$ 691,912
	4/2/2015					25,693					2,179,280
	1/27/2016								127,700	93.97	3,306,421
	1/27/2016					127,700					10,825,768
		$880,000	$4,400,000	$8,800,000							
Sharen J. Turney	4/2/2015								42,153	93.41	534,079
	4/2/2015					24,087					2,043,059
	4/2/2015					42,153					3,575,417
		600,000	3,000,000	6,000,000							
Charles C. McGuigan	3/9/2015							1,032			87,452
	4/2/2015								20,073	93.41	254,325
	4/2/2015					26,764					2,270,122
	4/2/2015					20,073					1,702,592
		375,000	1,875,000	3,750,000							
Nicholas Coe	4/2/2015								16,058	93.41	203,455
	4/2/2015					21,411					1,816,081
	4/2/2015					16,058					1,362,040
		320,000	1,600,000	3,200,000							
Stuart B. Burgdoerfer	4/2/2015								13,694	93.41	173,503
	4/2/2015					18,259					1,548,728
	4/2/2015					13,694					1,161,525
		255,840	1,279,200	2,558,400							

(1) Non-Equity Incentive Plan Awards represent the Threshold, Target and Maximum opportunities under the 2015 ICPP for the 2015 Spring and Fall seasons. The actual amount earned under this plan is disclosed in the 2015 Summary Compensation Table in the "Non-Equity Incentive Plan Compensation" column.

(2) Equity Incentive Plan Awards represent the Target payment of performance-based RSUs for fiscal 2015. No amount is disclosed for Threshold and Maximum since the number of performance-based RSUs earned does not fluctuate based on performance. Units are earned at target, or not at all.

Stock Awards granted on April 2, 2015 are subject to the Company's achievement of operating income as a percentage of sales ranking in the top one third of the S&P Retailing Index in each of fiscal 2015, 2016, 2017, 2018 and 2019, determined on a cumulative basis. Stock Awards granted to Mr. Wexner on January 27, 2016 are subject to the Company's achievement of operating income as a percentage of sales ranking in the top one third of the S&P Retailing Index in each of fiscal 2016, 2017, 2018, 2019 and 2020, determined on a cumulative basis. If the performance condition is met, the RSUs will vest 20% on the second and third anniversaries of the grant date and 30% on the fourth and fifth anniversaries of the grant date, subject to continued employment.

(3) Stock Awards were granted pursuant to the Company's amended and restated 2011 Plan and 2015 Plan.

The Stock Award granted on March 9, 2015 to Mr. McGuigan was made in connection with his election to receive a portion of his cash-based incentive compensation bonus in shares of Common Stock. This award was made based on the Fall 2014 bonus paid on March 9, 2015. This award vests 100% three years from the grant date, dependent on Mr. McGuigan retaining the stock paid in lieu of cash. This program was eliminated in 2015.

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

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

(4) Option Awards were granted pursuant to the Company's amended and restated 2011 Plan and 2015 Plan. Option grant dates were established on the date the grants were approved by the Compensation Committee and the exercise price is the closing price of Common Stock on the grant date.

Option Awards vest 20% on the second and third anniversaries of the grant date and 30% on the fourth and fifth anniversaries of the grant date.

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

(5) The value of stock and option awards reflects the grant date fair value under ASC Topic 718 Compensation—Stock Compensation for each award. Options are valued using the Black-Scholes option pricing model with the following weighted average assumptions as set forth in the Company's financial statements filed in the Company's 2015 Annual Report on Form 10-K: dividend yield of 2.7%, volatility of 26%, risk free interest rate of 1.1% and expected life of 4.5 years. RSUs are valued based on the fair market value of a share of Common Stock on the date of grant, adjusted for anticipated dividend yields.

Outstanding Equity Awards at Fiscal Year-End for Fiscal 2015

The following table provides information relating to outstanding equity awards granted to the NEOs as of fiscal year end, January 30, 2016.

	Option Awards						Restricted Stock Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(24)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(26)
Leslie H. Wexner	3/31/2006	113,998	0	0	17.70	3/31/2016					
	3/30/2007	147,163	0	0	18.86	3/30/2017					
	3/31/2008	233,214	0	0	12.37	3/31/2018					
	3/31/2009	375,334	0	0	6.30	3/31/2019					
	3/31/2010	124,575	0	0	18.53	3/31/2020					
	1/27/2011	297,896	0	0	24.22	1/27/2021					
	3/31/2011	85,264	0	0	27.08	3/31/2021					
	1/26/2012	138,031	59,158(1)	0	36.59	1/26/2022					
	3/30/2012	21,693	32,545(2)	0	42.57	3/30/2022					
	1/31/2013	31,535	126,146(3)	0	46.14	1/31/2023					
	3/29/2013	10,760	43,046(4)	0	42.91	3/29/2023					
	1/30/2014	24,241	96,969(5)	0	50.60	1/30/2024					
	3/31/2014	0	41,563(6)	0	55.55	3/31/2024					
	1/28/2015	0	121,549(7)	0	83.10	1/28/2025					
	4/2/2015	0	25,693(8)	0	93.41	4/2/2025					
	1/27/2016	0	127,700(9)	0	93.97	1/27/2026					
							1/26/2012	0	0	118,315(10)	11,375,987
							3/30/2012	0	0	32,545(11)	3,129,202
							1/31/2013	0	0	126,146(12)	12,128,938
							3/29/2013	0	0	43,046(13)	4,138,873
							1/30/2014	0	0	121,210(14)	11,654,342
							3/31/2014	0	0	41,563(15)	3,996,282
							1/28/2015	0	0	121,549(16)	11,686,936
							4/2/2015	0	0	25,693(17)	2,470,382
							1/27/2016	0	0	127,700(18)	12,278,355
Sharen J. Turney	3/31/2009	3	0	0	6.30	3/31/2019					
	3/31/2010	5,392	0	0	18.53	3/31/2020					
	3/31/2011	7,380	37,811(19)	0	27.08	3/31/2021					
	3/30/2012	0	51,800(2)	0	42.57	3/30/2022					
	3/29/2013	0	70,573(4)	0	42.91	3/29/2023					
	3/31/2014	0	68,143(6)	0	55.55	3/31/2024					
	4/2/2015	0	42,153(8)	0	93.41	4/2/2025					
							3/31/2011	37,810(20)	3,635,432	0	0
							3/30/2012	0	0	51,802(11)	4,980,762
							3/30/2012	0	0	253,724(11)	24,395,563
							3/29/2013	0	0	70,573(13)	6,785,594
							3/31/2014	0	0	68,143(15)	6,551,949
							4/2/2015	0	0	42,153(17)	4,053,011
							4/2/2015	0	0	24,087(17)	2,315,965

	Option Awards						Restricted Stock Awards				
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Grant Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(24)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(26)**
Charles C. McGuigan	3/31/2011	0	22,440(19)	0	27.08	3/31/2021					
	3/30/2012	0	20,087(2)	0	42.57	3/30/2022					
	3/29/2013	0	27,365(4)	0	42.91	3/29/2023					
	3/31/2014	0	26,422(6)	0	55.55	3/31/2024					
	4/2/2015	0	20,073(8)	0	93.41	4/2/2025					
							3/31/2011	22,437(20)	2,157,318	0	0
							3/30/2012	0	0	20,086(11)	1,931,269
							3/30/2012	0	0	46,869(11)	4,506,454
							3/29/2013	0	0	27,365(13)	2,631,145
							3/29/2013	0	0	36,486(13)	3,508,129
							8/30/2013	609(21)	58,555	0	0
							3/10/2014	463(22)	44,517	0	0
							3/31/2014	0	0	26,422(15)	2,540,475
							3/31/2014	0	0	17,615(15)	1,693,682
							8/29/2014	680(23)	65,382	0	0
							3/9/2015	1,032(24)	99,227	0	0
							4/2/2015	0	0	20,073(17)	1,930,019
							4/2/2015	0	0	26,764(17)	2,573,359
Nicholas Coe	3/30/2012	5,809	8,724(2)	0	42.57	3/30/2022					
	3/29/2013	6,466	25,868(4)	0	42.91	3/29/2023					
	3/31/2014	0	24,977(6)	0	55.55	3/31/2024					
	4/2/2015	0	16,058(8)	0	93.41	4/2/2025					
							7/4/2011	9,109(25)	875,830	0	0
							3/30/2012	0	0	8,722(11)	838,620
							3/30/2012	0	0	23,257(11)	2,236,161
							3/29/2013	0	0	25,869(13)	2,487,304
							3/29/2013	0	0	86,228(13)	8,290,822
							3/31/2014	0	0	24,978(15)	2,401,635
							3/31/2014	0	0	16,652(15)	1,601,090
							4/2/2015	0	0	16,058(17)	1,543,977
							4/2/2015	0	0	21,411(17)	2,058,668
Stuart B. Burgdoerfer	3/31/2011	0	12,468(19)	0	27.08	3/31/2021					
	3/30/2012	0	16,914(2)	0	42.57	3/30/2022					
	3/29/2013	0	23,045(4)	0	42.91	3/29/2023					
	3/31/2014	0	22,250(6)	0	55.55	3/31/2024					
	4/2/2015	0	13,694(8)	0	93.41	4/2/2025					
							3/31/2011	12,464(20)	1,198,414	0	0
							3/30/2012	0	0	16,915(11)	1,626,377
							3/30/2012	0	0	31,011(11)	2,981,708
							3/29/2013	0	0	23,046(13)	2,215,873
							3/31/2014	0	0	22,250(15)	2,139,338
							3/31/2014	0	0	14,834(15)	1,426,289
							4/2/2015	0	0	13,694(17)	1,316,678
							4/2/2015	0	0	18,259(17)	1,755,603

(1) Options vest 100% on January 26, 2017.

(2) Options vest 50% on March 30, 2016 and 50% on March 30, 2017.

(3) Options vest 25% on January 31, 2016, 37.5% on January 31, 2017 and 37.5% on January 31, 2018.

(4) Options vest 25% on March 29, 2016, 37.5% on March 29, 2017 and 37.5% on March 29, 2018.

(5) Options vest 25% on January 30, 2017, 37.5% on January 30, 2018 and 37.5% on January 30, 2019.

(6) Options vest 20% on March 31, 2016, 20% on March 31, 2017, 30% on March 31, 2018 and 30% on March 31, 2019.

(7) Options vest 20% on January 28, 2017, 20% on January 28, 2018, 30% on January 28, 2019 and 30% on January 28, 2020.

(8) Options vest 20% on April 2, 2017, 20% on April 2, 2018, 30% on April 2, 2019 and 30% on April 2, 2020.

(9) Options vest 20% on January 27, 2018, 20% on January 27, 2019, 30% on January 27, 2020 and 30% on January 27, 2021.

(10) 50% vested on January 26, 2016, subject to achievement of a performance condition. Remaining shares vest on January 26, 2017, also subject to achievement of a performance condition.

(11) Subject to achievement of a performance condition, shares vest 50% on March 30, 2016 and 50% on March 30, 2017.

(12) Subject to achievement of a performance condition, shares vest 25% on January 31, 2016, 37.5% on January 31, 2017 and 37.5% on January 31, 2018.

(13) Subject to achievement of a performance condition, shares vest 25% on March 29, 2016, 37.5% on March 29, 2017 and 37.5% on March 29, 2018.

(14) 20% vested on January 30, 2016, subject to achievement of a performance condition. Remaining shares vest 20% on January 30, 2017, 30% on January 30, 2018 and 30% on January 30, 2019, also subject to achievement of a performance condition.

(15) Subject to achievement of a performance condition, shares vest 20% on March 31, 2016, 20% on March 31, 2017, 30% on March 31, 2018 and 30% on March 31, 2019.

(16) Subject to achievement of a performance condition, shares vest 20% on January 28, 2017, 20% on January 28, 2018, 30% on January 28, 2019 and 30% on January 28, 2020.

(17) Subject to achievement of a performance condition, shares vest 20% on April 2, 2017, 20% on April 2, 2018, 30% on April 2, 2019 and 30% on April 2, 2020.

(18) Subject to achievement of a performance condition, shares vest 20% on January 27, 2018, 20% on January 27, 2019, 30% on January 27, 2020 and 30% on January 27, 2021.

(19) Options vest 100% on March 31, 2016.

(20) Shares vest 100% on March 31, 2016.

(21) Shares vest 100% on August 30, 2016.

(22) Shares vest 100% on March 10, 2017.

(23) Shares vest 100% on August 29, 2017.

(24) Shares vest 100% on March 9, 2018.

(25) Shares vest 100% on July 4, 2016.

(26) Market value based on the $96.15 fair market value of a share of Common Stock on the last trading day of the fiscal year (January 29, 2016).

Option Exercises and Stock Vested Information for Fiscal 2015

The following table provides information relating to Option Awards exercised and RSU Awards vested during the fiscal year ended January 30, 2016.

	Option Awards		Restricted Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Leslie H. Wexner	0	$ 0	181,946	$16,609,564
Sharen J. Turney	107,801	6,507,999	433,657	40,221,597
Charles C. McGuigan	35,967	2,189,285	62,118	5,640,529
Nicholas Coe	0	0	47,791	4,217,749
Stuart B. Burgdoerfer	37,801	2,023,187	34,199	3,103,125

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

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

Retirement and Other Post-Employment Benefits

Non-qualified Deferred Compensation for Fiscal 2015[1]

Name	Executive Contributions in Last Fiscal Year ($)(2)	Registrant Contributions in Last Fiscal Year ($)(3)	Aggregate Earnings in Last Fiscal Year ($)(4)	Aggregate Withdrawals/ Distributions ($)(5)	Aggregate Balance at Last Fiscal Year End ($)(6)
Leslie H. Wexner	$257,846	$914,015	$1,364,202	$0	$26,707,109
Sharen J. Turney	474,607	618,822	1,162,088	0	24,629,989
Charles C. McGuigan	106,120	360,556	216,640	0	4,354,411
Nicholas Coe	109,794	323,614	52,340	0	1,181,160
Stuart B. Burgdoerfer	77,195	273,191	135,041	0	2,731,212

(1) Amounts disclosed include non-qualified cash deferrals, Company matching contributions, retirement credits and earnings under the Company's Supplemental Retirement Plan (a non-qualified defined contribution plan) and stock deferrals and related reinvested dividend earnings under the Company's amended and restated 1993 Stock Option and Performance Incentive Plan (the "1993 Plan"), 2011 Plan and 2015 Plan. Executive Contributions and related matching Registrant Contributions represent 2015 calendar year deferrals and matches on incentive compensation payments earned based on performance for the Fall 2014 season, which was paid in March 2015, and for the Spring 2015 season, which was paid in August 2015.

(2) All of the contributions are reported in the 2015 Summary Compensation Table under the "Salary" and/or "Non-Equity Incentive Plan Compensation" columns.

(3) Reflects the Company's 200% match of associate contributions of up to 3% of base salary and bonus above the IRS qualified plan maximum compensation limit and the Company's retirement contribution of 6% for less than five years of service or 8% for five or more years of service of compensation above the IRS qualified plan maximum compensation limit. Associates become fully vested in these contributions after six years of service. These contributions are also included under the "All Other Compensation" column of the 2015 Summary Compensation Table.

(4) Non-qualified deferred cash compensation balances earn a fixed rate of interest determined prior to the beginning of each year. The portion of the earnings on deferred cash compensation that exceeds 120% of the applicable federal long term rate in the amount of $498,794, $305,512, $79,210, $19,137 and $49,375 for Mr. Wexner, Ms. Turney and Messrs. McGuigan, Coe and Burgdoerfer, respectively, is disclosed in the "Change in Pension Value and Non-qualified Deferred Compensation Earnings" column of the 2015 Summary Compensation Table.

Amount includes dividends earned on deferred stock and RSU balances in the amount of $326,511 for Ms. Turney. Dividends are reinvested into additional stock units based on the closing market price of Common Stock on the dividend payment date.

(5) Participants may elect to receive the funds in a lump sum or in up to ten annual installments following termination of employment, but generally may not make withdrawals during their employment. Deferrals under the Supplemental Retirement Plan, the 1993 Plan, the 2011 Plan and the 2015 Plan are unfunded.

(6) Balance includes the value of deferred stock and RSUs at calendar year-end in the amount of $8,097,122 for Ms. Turney. Value is calculated based on a stock price of $96.15 per share of Common Stock on January 29, 2016.

Estimated Post-Employment Payments and Benefits

We have entered into certain agreements with our NEOs that will require us to provide compensation in the event of a termination of employment, including a termination following a change in control of our Company. Mr. Wexner is not covered by such an agreement but is entitled to certain termination compensation under the terms of our benefit and stock plans. In connection with her resignation, Ms. Turney will be entitled to severance payments and benefits under the terms of her employment agreement.

The following tables set forth the expected benefits to be received by each of the other NEOs in the event of his termination resulting from various scenarios, assuming a termination date of January 30, 2016 and a stock price of $96.15, the price of our Common Stock on January 29, 2016. Each scenario relates to the single termination event described and amounts are not cumulative in situations where multiple scenarios may apply.

Assumptions and explanations of the numbers set forth in the tables below are set forth in additional text following the tables.[1]

Leslie H. Wexner

	Involuntary w/out Cause or Voluntary w/Good Reason		Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Voluntary Resignation/ Retirement ($)
	w/out Release ($)	& Signed Release ($)				
Base Salary	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Bonus(2)	0	0	0	0	0	0
Gain of Accelerated Stock Options(3)	0	0	21,907,813	21,907,813	21,907,813	0
Value of Pro-rated or Accelerated RSUs(3)	0	25,973,673	72,859,297	72,859,297	72,859,297	25,973,673
Benefits and Perquisites(4)	355,370	355,370	355,370	2,355,370	1,080,370	355,370
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A
Total	$355,370	$26,329,043	$95,122,480	$97,122,480	$95,847,480	$26,329,043

Sharen J. Turney

	Involuntary w/out Cause or Voluntary w/Good Reason		Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Voluntary Resignation/ Retirement ($)
	w/out Release ($)	& Signed Release ($)				
Base Salary	$1,500,000	$ 3,000,000	$ 3,000,000	$ 0	$ 0	$ 0
Bonus(2)	0	3,000,000	9,351,638	0	0	0
Gain of Accelerated Stock Options(3)	0	0	12,026,986	12,026,986	12,026,986	0
Value of Pro-rated or Accelerated RSUs(3)	0	27,340,541	52,718,276	52,718,276	52,718,276	27,340,541
Benefits and Perquisites(4)	295,427	302,218	302,218	5,274,760	1,785,242	281,846
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A
Total	$1,795,427	$33,642,759	$77,399,118	$70,020,022	$66,530,504	$27,622,387

Charles C. McGuigan

	Involuntary w/out Cause or Voluntary w/Good Reason		Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Voluntary Resignation/ Retirement ($)
	w/out Release ($)	& Signed Release ($)				
Base Salary	$1,250,000	$ 2,500,000	$ 2,500,000	$ 0	$ 0	$ 0
Bonus(2)	0	1,875,000	5,134,119	0	0	0
Gain of Accelerated Stock Options(3)	0	0	5,211,063	5,211,063	5,211,063	0
Value of Pro-rated or Accelerated RSUs(3)	0	10,836,393	23,739,531	23,739,531	23,739,531	10,836,393
Benefits and Perquisites(4)	162,930	168,150	168,150	3,402,492	782,602	152,492
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A
Total	$1,412,930	$15,379,543	$36,752,863	$32,353,086	$29,733,196	$10,988,885

Nicholas Coe

	Involuntary w/out Cause or Voluntary w/Good Reason		Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Voluntary Resignation/ Retirement ($)(5)
	w/out Release ($)	& Signed Release ($)				
Base Salary	$1,000,000	$ 2,000,000	$ 2,000,000	$ 0	$ 0	$ 0
Bonus(2)	0	1,600,000	5,573,735	0	0	0
Gain of Accelerated Stock Options(3)	0	0	2,902,821	2,902,821	2,902,821	0
Value of Pro-rated or Accelerated RSUs(3)	0	9,344,434	22,334,107	22,334,107	22,334,107	0
Benefits and Perquisites(4)	169,144	174,364	174,364	2,341,116	908,726	0
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A
Total	$1,169,144	$13,118,798	$32,985,027	$27,578,044	$26,145,654	$ 0

Stuart B. Burgdoerfer

	Involuntary w/out Cause or Voluntary w/Good Reason		Involuntary w/out Cause following Change in Control ($)	Death ($)	Disability ($)	Voluntary Resignation/ Retirement ($)(5)
	w/out Release ($)	& Signed Release ($)				
Base Salary	$852,800	$1,705,600	$ 1,705,600	$ 0	$ 0	$ 0
Bonus(2)	0	1,279,200	3,795,750	0	0	0
Gain of Accelerated Stock Options(3)	0	0	3,935,376	3,935,376	3,935,376	0
Value of Pro-rated or Accelerated RSUs(3)	0	6,539,546	14,660,279	14,660,279	14,660,279	0
Benefits and Perquisites(4)	115,928	122,626	122,626	1,808,130	544,080	0
Tax Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A
Total	$968,728	$9,646,972	$24,219,631	$20,403,785	$19,139,735	$ 0

(1) Assumes a termination date of January 30, 2016.

(2) Bonus amounts assumed at target. Under "Involuntary w/out Cause or Voluntary w/Good Reason" termination scenarios, actual bonus payments would be equal to the bonus payment the NEO would have received if he or she had remained employed with the Company for a period of one year after the termination date of January 30, 2016. Under an "Involuntary w/out Cause following Change in Control" termination scenario, bonus payments for Ms. Turney and Messrs. McGuigan, Coe and Burgdoerfer will be equal to the sum of the last four seasonal bonus payments received.

(3) Reflects the value of unvested RSUs and stock options that, subject to achievement of pre-established performance conditions, would become vested based on the $96.15 fair market value of a share of Common Stock on the last trading day of the fiscal year (January 29, 2016).

(4) Estimates for benefits and perquisites include the pro rata value of retirement plan contributions on earnings accrued up to the termination date and the continuation of medical, dental and other insurance benefits. Under the "Death" and "Disability" scenarios, includes proceeds from life and disability insurance policies and the value of unvested retirement plan balances that would become vested.

(5) Messrs. Coe and Burgdoerfer have not met the age and/or service requirement to qualify for pro rata RSU vesting and retirement plan contributions under the retirement provisions of the 2011 Plan, the 2015 Plan and the qualified and non-qualified retirement plans.

Assumptions and Explanations of Numbers in Tables

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

The tables do not include the payment of the aggregate balance of the NEO's non-qualified deferred compensation that is disclosed in the Non-qualified Deferred Compensation for Fiscal 2015 table above.

Confidentiality, Non-Competition and Non-Solicitation Agreements

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

Termination Provisions—Definitions of Cause and Good Reason

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

"Good Reason" generally means (1) the failure to continue by the NEO in a capacity originally contemplated in the NEO's employment agreement; (2) the assignment to the NEO of any duties materially inconsistent with the NEO's position, duties, authority, responsibilities or reporting requirements, as set out in his or her employment agreement; (3) a reduction in or a material delay in payment of the NEO's total cash compensation and benefits from those required to be provided; (4) the requirement that the NEO be based outside of the United States, other than for travel that is reasonably required to carry out the NEO's duties; or (5) the failure by the Company to obtain the assumption in writing of its obligation to perform the employment agreement by a successor.

Payments Upon a Termination in Connection with a Change in Control

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

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

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

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

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

No Tax Gross-up

In the event of a termination following a Change in Control, none of our NEOs is entitled to reimbursement or gross-up for any excise taxes that may be imposed under Section 280G of the Code.

Fiscal 2015 Director Compensation

The following table sets forth compensation earned by the individuals who served as directors of the Company during fiscal 2015(1).

Name	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)	Total ($)
E. Gordon Gee	$121,900	$121,900	$243,800
Dennis S. Hersch	121,900	121,900	243,800
Donna A. James	164,400	144,412	308,812
David T. Kollat	171,900	156,929	328,829
William R. Loomis, Jr.	121,900	121,900	243,800
Jeffrey H. Miro	134,400	134,417	268,817
Michael G. Morris	124,400	124,422	248,822
Stephen Steinour	111,900	111,905	223,805
Allan R. Tessler	194,400	169,446	363,846
Abigail S. Wexner	141,900	131,988	273,888
Raymond Zimmerman	134,400	134,417	268,817

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

(2) Directors receive an annual cash retainer of $111,900; directors receive an additional annual cash retainer of $12,500 for membership on the Audit and Compensation Committees and $10,000 for all other committee memberships; the Audit Committee Chair receives an additional $20,000; the Compensation Committee Chair and the Nominating & Governance Committee Chair each receives an additional $15,000; and other committee chairs receive $10,000; and the lead independent director receives an additional cash retainer of $15,000.

(3) Directors receive an annual stock retainer worth $111,900; directors receive an additional annual stock grant worth $12,500 for membership on the Audit and Compensation Committees and worth $10,000 for other committee memberships; and the lead independent director receives an additional stock retainer of $15,000. Stock retainers were granted under the 2011 Plan. The number of shares issued is calculated based on the fair market value of Common Stock on the date the shares were issued. The value of stock awards reflects the aggregate grant date fair value, excluding estimated forfeitures, computed in accordance with ASC Topic 718 Compensation—Stock Compensation, for each award. See Note 18 to the Company's financial statements filed in the Company's 2015 Annual Report on Form 10-K for a discussion of our assumptions in determining the aggregate grant date fair value of these awards.

Equity Compensation Plan Information

The following table summarizes share and exercise price information about the Company's equity compensation plans as of January 30, 2016.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	11,989,870	$42.40(2)	16,690,069
Equity compensation plans not approved by security holders	0	0	0
Total	11,989,870	$42.40	16,690,069

(1) Includes the 2015 Plan, 2011 Plan and the 1993 Plan (2009 Restatement). There are no shares remaining available for grant under the 1993 Plan (2009 Restatement).

(2) Does not include outstanding rights to receive Common Stock upon the vesting of RSU awards or settlement of deferred stock units.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board is composed of four directors who are independent, as defined under the NYSE listing standards. Additionally, each member of the Compensation Committee is an "outside director" within the meaning of Section 162(m) of the Code and a "non-employee director" with the meaning of Section 16b-3 under the Securities Exchange Act of 1934. The Compensation Committee reviews the CD&A on behalf of the Board.

The Compensation Committee has reviewed and discussed the CD&A with management, and based on the review and discussions, the Compensation Committee recommended to the Board that the CD&A be included in the Company's annual report on Form 10-K for the year ended January 30, 2016 and the Company's proxy statement.

Compensation Committee

David T. Kollat, Chair
E. Gordon Gee
Jeffrey H. Miro
Michael G. Morris

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table shows certain information about the securities ownership of all directors (and nominees) of the Company, the executive officers of the Company named in the "2015 Summary Compensation Table" above and all directors and executive officers of the Company as a group.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(a)(b)	Percent of Class
Stuart B. Burgdoerfer	63,925(c)	*
Nicholas Coe	28,268(c)	*
E. Gordon Gee	8,285(d)	*
Dennis S. Hersch	10,322,318(d)(f)	3.57%
Donna A. James	42,551(d)	*
David T. Kollat	117,349	*
William R. Loomis, Jr.	97,209(d)	*
Charles C. McGuigan	44,403(c)(h)	*
Jeffrey H. Miro	102,117(d)	*
Michael G. Morris	14,395(d)	*
Stephen D. Steinour	11,058(d)	*
Allan R. Tessler	82,186	*
Sharen J. Turney	539,643(c)(e)	*
Abigail S. Wexner	12,904,920(g)	4.46%
Leslie H. Wexner	46,259,019(c)(h)(i)	15.98%
Raymond Zimmerman	124,643(d)(j)	*
All directors and executive officers as a group	47,607,228(c)-(j)	16.45%

* Less than 1%

(a) Unless otherwise indicated, each named person has voting and investment power over the listed shares and such voting and investment power is exercised solely by the named person or shared with a spouse. None of the listed shares have been pledged as security or otherwise deposited as collateral.

(b) Reflects beneficial ownership of shares of Common Stock, and shares outstanding, as of January 30, 2016.

(c) Includes the following number of shares issuable within 60 days of January 30, 2016, upon the exercise or vesting of outstanding stock awards: Mr. Burgdoerfer, 14,219; Mr. Coe, 23,102; Mr. McGuigan, 16,884; Ms. Turney, 43,543; Mr. Wexner, 1,662,275; and all directors and executive officers as a group, 1,760,023.

(d) Includes the following number of deferred stock units credited to directors' accounts under the 2003 Stock Award and Deferred Compensation Plan for Non-Associate Directors that could be convertible into Common Stock within 60 days after termination from the Board: Dr. Gee, 7,329; Mr. Hersch, 71,177; Ms. James, 30,188; Mr. Loomis, 86,945; Mr. Miro, 81,578; Mr. Morris, 4,285; Mr. Steinour, 1,058; Mr. Zimmerman, 91,285; and all directors as a group, 373,845. Mr. Morris has elected to receive pay-out of his deferred stock units over three years, and his total represents 1/3 of the units which he would be owed upon his termination from the Board. Mr. Steinour has elected to receive pay-out of his deferred stock units over five years, and his total represents 1/5 of the units which he would be owed upon his termination from the Board.

(e) Includes the following number of deferred stock units credited to executives' accounts under the Company's Supplemental Retirement Plan that could be convertible into Common Stock within 60 days after termination of employment with the Company: Ms. Turney, 84,213.

(f) Includes 1,257,255 shares held by The Linden East Trust, for which Mr. Hersch is trustee and shares voting and investment power with Mr. Wexner and Mrs. Wexner, and 8,992,886 shares held by The Linden West Trust, for which Mr. Hersch is trustee and shares voting and investment power with Mr. Wexner.

(g) Excludes 33,354,099 shares beneficially owned by Mr. Wexner as to which Mrs. Wexner disclaims beneficial ownership. Includes 1,257,255 shares held by The Linden East Trust, as to which Mrs. Wexner shares voting and investment power with Mr. Hersch; 1,441,741 shares held by The Wexner Family Charitable Fund; and 191,515 shares held by The Beech Trust, in each case, as to which Mrs. Wexner shares voting and investment power with Mr. Wexner. Includes 10,014,409 shares directly owned by Mrs. Wexner.

(h) Includes the following number of shares held in the Savings and Retirement Plan (as of January 30, 2016), over which Messrs. McGuigan and Wexner have investment but not voting power: Mr. McGuigan, 4,265; and Mr. Wexner, 1,851,959.

(i) Includes 1,257,255 shares held by The Linden East Trust, 8,992,886 shares held by The Linden West Trust, 1,441,741 shares held by The Wexner Family Charitable Fund; and 191,515 shares held by The Beech Trust. Mr. Wexner shares voting and investment power with Mrs. Wexner with respect to shares held by The Linden East Trust, The Wexner Family Charitable Fund and The Beech Trust, and shares voting and investment power with Mr. Hersch with respect to shares held by The Linden East Trust and The Linden West Trust. Includes 4,892,608 shares held by the Wexner Personal Holdings Corporation, of which Mr. Wexner is the sole stockholder, director and officer. Includes 10,014,409 shares directly owned by Mrs. Wexner, as to which Mr. Wexner may be deemed to share voting and investment power. Includes 15,954,371 shares directly owned by Mr. Wexner.

(j) Includes 2,888 shares which are Mr. Zimmerman's pro rata share of 8,664 shares owned by a corporation of which Mr. Zimmerman is president and a 33% stockholder.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, must file reports of ownership and changes in ownership of the Company's equity securities with the Commission. Copies of those reports must also be furnished to the Company. Based solely on a review of the copies of reports furnished to the Company and written representations of the Company's executive officers and directors that no other reports were required, we believe that during fiscal 2015 our executive officers, directors and greater than 10% beneficial owners complied with these filing requirements.

SHARE OWNERSHIP OF PRINCIPAL STOCKHOLDERS

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

Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Leslie H. Wexner(1) Three Limited Parkway P.O. Box 16000 Columbus, OH 43216	46,259,019	15.98%
PRIMECAP Management Company(2) 225 South Lake Ave., #400 Pasadena, CA 91101	19,232,221	6.64%
FMR LLC(3) 245 Summer Street Boston, MA 02210	15,448,861	5.34%
The Vanguard Group(4) 100 Vanguard Blvd. Malvern, PA 19355	14,739,270	5.09%

(1) As of January 30, 2016. For a description of Mr. Wexner's beneficial ownership, see "Security Ownership of Directors and Management" on pages 53 and 54.

(2) As of December 31, 2015, based solely on information set forth in the Schedule 13G/A filed February 12, 2016 by PRIMECAP Management Company. PRIMECAP Management Company has sole dispositive power over 19,232,221 shares and sole voting power over 4,411,542 shares.

(3) Based solely on information set forth in the Schedule 13G filed February 12, 2016 by FMR LLC. FMR LLC has sole dispositive power over 15,448,861 shares and sole voting power over 665,299 shares and Abigail P. Johnson has sole dispositive power over 15,448,861 shares. Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

(4) As of December 31, 2015, based solely on information set forth in the Schedule 13G/A filed February 10, 2016 by The Vanguard Group. The Vanguard Group has sole dispositive power over 14,245,471 shares and sole voting power over 469,120 shares, and has shared dispositive power over 493,799 shares and shared voting power over 25,400 shares.

REPORT OF THE AUDIT COMMITTEE

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

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

We have reviewed and discussed L Brands' audited financial statements as of and for the year ended January 30, 2016 and met with both management and our independent auditors to discuss the financial statements. Management has represented to us that the financial statements were prepared in accordance with generally accepted accounting principles. We have reviewed with the internal auditors and independent auditors the overall scope and plans for their respective audits. We also met with the internal auditors and independent auditors, with and without management present, to discuss the results of their examinations and their evaluations of the Company's internal controls.

We have also discussed with the independent auditors all matters required to be discussed with audit committees under applicable auditing and regulatory standards. The Company's independent auditors also provided to us the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence, and we discussed with the independent auditors their independence from the Company. We considered whether the provision of non-audit services by the independent auditors to the Company is compatible with maintaining their independence.

Based on the reviews and discussions summarized in this Report, and subject to the limitations on our role and responsibilities, certain of which are referred to above and in the Audit Committee charter, we recommended to the Board that L Brands' audited financial statements be included in our annual report on Form 10-K for the year ended January 30, 2016 for filing with the Commission.

We have appointed Ernst & Young LLP as L Brands' independent registered public accountants.

Audit Committee

Donna A. James, Chair
David T. Kollat
Allan R. Tessler
Raymond Zimmerman

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

During our 2015 fiscal year, Ernst & Young LLP served as the Company's independent registered public accountants and in that capacity rendered an opinion on our consolidated financial statements as of and for the fiscal year ended January 30, 2016. The Audit Committee annually reviews the selection of independent registered public accountants and has selected Ernst & Young LLP as the Company's independent registered public accountants for the current fiscal year.

Audit Fees

The aggregate audit fees payable to Ernst & Young LLP for the fiscal years ended 2015 and 2014 were approximately $4,243,000 and $4,072,700, respectively. These amounts include fees for professional services rendered by Ernst & Young LLP in connection with the audit of our consolidated financial statements and reviews of our unaudited consolidated interim financial statements as well as fees for services that generally only the independent auditor can reasonably be expected to provide, including comfort letters and consultation regarding financial accounting and/or reporting standards. These amounts also include fees for services rendered in connection with the audit of our internal control over financial reporting and fees for services rendered in connection with statutory audits of our international subsidiaries' financial statements.

Audit Related Fees

The aggregate fees for assurance and related services rendered by Ernst & Young LLP that were reasonably related to the audit of our consolidated financial statements for the fiscal years ended 2015 and 2014 were approximately $258,000 and $155,000, respectively. The fees under this category are for assurance and related services that are traditionally performed by the independent auditor and include audits of employee benefit plans, agreed upon procedures and other attest engagements.

Tax Fees

The aggregate fees for tax services rendered by Ernst & Young LLP for the fiscal years ended 2015 and 2014 were approximately $110,000 and $130,000, respectively. Tax fees include tax compliance and advisory services.

All Other Fees

The aggregate fees for all other services rendered by Ernst & Young LLP for the fiscal years ended 2015 and 2014 were approximately $369,000 and $0, respectively. The fees under this category that were paid in the fiscal year ended 2015 were for compliance-related advisory services.

Pre-approval Policies and Procedures

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

OTHER MATTERS

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

STOCKHOLDER PROPOSALS FOR NEXT YEAR

Stockholder Proposals Pursuant to Rule 14a-8

Proposals submitted for inclusion in the proxy statement for the 2017 annual meeting must be received by the Secretary of the Company at our principal executive offices on or before December 9, 2016.

Other Stockholder Proposals

If a stockholder intends to present a proposal or nominate a person for election as a director at the 2017 annual meeting other than as described above, the stockholder must comply with the requirements set forth in our Bylaws. The Bylaws require, among other things, that the Secretary receive written notice of the intent to present a proposal or nomination no earlier than February 18, 2017 and no later than March 20, 2017. The notice must contain the information required by the Bylaws.

SOLICITATION EXPENSES

We are soliciting this proxy on behalf of our Board and will bear the solicitation expenses. Our directors or employees may solicit proxies by telephone, facsimile and personal solicitation, in addition to the use of the mail. We will, upon request, reimburse banks, brokerage houses and other institutions, nominees, and fiduciaries for their expenses in forwarding proxy materials to beneficial owners.

By Order of the Board of Directors,

Leslie H. Wexner
Chairman of the Board

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L BRANDS, INC.

PROPOSED AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO REMOVE SUPERMAJORITY VOTING REQUIREMENTS

Articles EIGHTH and THIRTEENTH and Section 2 of Article FIFTH and Section 1 of Article ELEVENTH are hereby removed in their entirety, and the remaining articles of the Charter are hereby renumbered accordingly. Articles EIGHTH and THIRTEENTH and Section 2 of Article FIFTH and Section 1 of Article ELEVENTH, which are hereby repealed, are shown below:

> FIFTH. Section 2. Amendment of Bylaws by the Stockholders. The bylaws shall not be made, repealed, altered, amended or rescinded by the stockholders of the Corporation except by the vote of the holders of not less than 75 percent of the outstanding shares of the Corporation entitled to vote thereon. Any amendment to the Certificate of Incorporation which shall contravene any bylaw in existence on the record date of the stockholders meeting at which such amendment is to be voted upon by the stockholders shall require the vote of the holders of not less than 75 percent of the outstanding shares entitled to vote thereon.
>
> EIGHTH. The affirmative vote of the holders of not less than 75 percent of the outstanding shares of the Corporation entitled to vote thereon shall be required for the approval of any proposal that (1) the Corporation merge or consolidate with any other corporation or any affiliate of such other corporation if such other corporation and its affiliates singly or in the aggregate are directly or indirectly the beneficial owners of more than five percent of the outstanding shares of any class of stock of the Corporation entitled to vote in the election of directors (such other corporation and any affiliate thereof being herein referred to as a "Related Corporation"), or (2) the Corporation sell, lease or exchange all or substantially all of its assets or business to or with such Related Corporation, or (3) the Corporation issue or deliver any stock or other securities of its issue in exchange or payment for any properties or assets of any such Related Corporation or securities issued by any such Related Corporation or in a merger of any affiliate of the Corporation with or into any such Related Corporation, or (4) the Corporation dissolve, and to effect such transaction the approval of stockholders of the Corporation is required by law or by any agreement between the Corporation and any national securities exchange; provided, however, that the foregoing clauses (1), (2), (3) and (4) shall not apply (i) to any such merger, consolidation, sale, lease, or exchange, or issuance or delivery of assets or other securities which was approved by resolution of the Board of Directors of the Corporation prior to the acquisition of the beneficial ownership of more than five percent of the outstanding Common Stock by the Related Corporation, (ii) to any such transaction solely between the Corporation and another corporation 50 percent or more of the voting power of which is owned by the Corporation provided that the Certificate of Incorporation of the surviving corporation contains provisions substantially similar to those provided in Articles FIFTH, SIXTH, Section 1, SEVENTH, EIGHTH, NINTH, TENTH, and ELEVENTH, (iii) to any transaction between this Corporation and either (a) any stockholder who owned in excess of 10 percent of the Common Stock of the Corporation immediately after the merger of Limited Interim Ohio, Inc., an Ohio corporation, into The Limited Stores, Inc. an Ohio corporation or (b) any affiliate from time to time organized, established, or incorporated of a stockholder referred to in (iii) (a) above. For the purposes hereof, an "affiliate" is any person (including a corporation, partnership, association, trust, business entity, estate or individual) who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified; "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise; and in computing the percentage of outstanding Common Stock beneficially owned by any person, the shares outstanding and the shares owned shall be determined as of the record date fixed to determine the stockholders entitled to vote or express consent with respect to such proposal. The stockholder vote, if any, required for mergers, consolidations, sales, leases, or exchanges of assets or issuances of stock or other securities not expressly provided for in this Article, shall be such as may be required by applicable law.

ELEVENTH. Section 1. Amendment of Certain Articles. The provisions set forth in this Article ELEVENTH and in Article FIFTH (dealing with the amendment of bylaws), SIXTH, Section 1 (dealing with the classified Board), SEVENTH (dealing with the prohibition against stockholder action without meetings), EIGHTH (dealing with the 75 percent vote of stockholders required for certain reorganizations), NINTH (dealing with certain matters to be considered by the Board in evaluating certain offers), and TENTH (dealing with the removal of any director) may not be amended, altered, changed, or repealed in any respect unless such repeal or amendment is approved by the affirmative vote of the holders of not less than 75 percent of the outstanding shares of the Corporation entitled to vote thereon.

THIRTEENTH. The provisions set forth in Article TWELFTH and in this Article THIRTEENTH may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than 75 percent of the outstanding shares of Voting Stock (as defined in Article TWELFTH) of the Corporation at a meeting of the stockholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is an Interested Person (as defined in Article TWELFTH), such action must also be approved by the affirmative vote of the holders of not less than 75 percent of the outstanding shares of Voting Stock held by the stockholders other than the Interested Person.

Articles TENTH and TWELFTH, and Section 2 of Article ELEVENTH are hereby amended as shown below (with deletions highlighted in strike-through text and additions highlighted in underlined text):

TENTH. Any director may be removed at any annual or special stockholders' meeting upon the ~~affirmative~~ vote of the holders of a majority in voting interest of the stockholders present in person or by proxy and voting thereon, a quorum being present ~~of not less than 75 percent of the outstanding shares of voting stock of the Corporation at that time entitled to vote thereon~~; provided, however, that such director may be removed only for cause and shall receive a copy of the charges against him, delivered to him personally or by mail at his last known address at least 10 days prior to the date of the stockholders' meeting; provided further, that directors who shall have been elected by the holders of a series or class of Preferred Stock, voting separately as a class, shall be removed only pursuant to the provisions establishing the rights of such series or class to elect such directors.

TWELFTH. Section 1. Vote Required for Certain Business Combinations. The affirmative vote of the holders of not less than ~~75 percent~~ a majority of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than an "Interested Person" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of the Corporation with any Interested Person; provided, however, that the ~~75 percent~~ exclusion of "Interested Persons" from this voting requirement shall not be applicable if:

(a) the "Continuing Directors" (as hereinafter defined) of the Corporation by at least a two-thirds vote (i) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Interested Person to become an Interested Person, or (ii) have expressly approved such Business Combination either in advance of or subsequent to such Interested Person's having become an Interested Person; or

(b) the cash or fair market value (as determined by at least two-thirds of the Continuing Directors) of the property, securities or "Other Consideration to be Received" (as hereinafter defined) per share by holders of Voting Stock of the Corporation in the Business Combination is not less than the "Fair Price" (as hereinafter defined) paid by the Interested Person in acquiring any of its holdings of the Corporation's Voting Stock.

Section 2. Definitions. Certain words and terms as used in this Article TWELFTH shall have the meanings given to them by the definitions and descriptions in this Section.

2.1. Business Combination. The term "Business Combination" shall mean (a) any merger or consolidation of the Corporation or a subsidiary of the Corporation with or into an Interested Person, (b) any sale, lease, exchange, transfer or other disposition, including without limitation, a mortgage or any other security device, of all or any "Substantial Part" (as hereinafter defined) of the assets either of the Corporation (including without limitation, any voting securities of a subsidiary) or of a subsidiary of the Corporation to an Interested Person, (c) any merger or consolidation of an Interested Person with or into the Corporation or a subsidiary of the Corporation, (d) any sale, lease, exchange, transfer or other disposition, including without limitation, a mortgage or other security device, of all or any Substantial Part of the assets of an Interested Person to the Corporation or a subsidiary of the Corporation, (e) the issuance or transfer by the Corporation or any subsidiary of any securities of the Corporation or a subsidiary of the Corporation to an Interested Person, (f) any reclassification of securities, recapitalization or other comparable transaction involving the Corporation that would have the effect of increasing the Voting power of any Interested Person with respect to Voting Stock of the Corporation, and (g) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

2.2. Interested Person. The term "Interested Person" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect at the date of the adoption of this Article TWELFTH by the stockholders of the Corporation), "Beneficially Owns" (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect at the date of the adoption of this Article TWELFTH by the stockholders of the Corporation) in the aggregate 20 percent or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity. Without limitation, any share of Voting Stock of the Corporation that any Interested Person has the right to acquire at any time (notwithstanding that Rule 13d-3 deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Interested Person and to be outstanding for purposes of this definition. An Interested Person shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Interested Person became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to an Interested Person under the foregoing definition of Interested Person, if the price paid by such Interested Person for such shares is not determinable by two-thirds of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Interested Person became the Beneficial Owner thereof.

2.3 Voting Stock. The term "Voting Stock" shall mean all of the outstanding shares of Common Stock of the Corporation and any outstanding shares of Preferred Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by such shares.

2.4 Continuing Director. The term "Continuing Director" shall mean a Director who was a member of the Board of Directors of the Corporation immediately prior to the time that the Interested Person involved in a Business Combination became an Interested Person, or a Director who was elected or appointed to fill a vacancy after the date the Interested Person became an Interested Person by a majority of the then-current Continuing Directors.

2.5 Fair Price. The term "Fair Price" shall mean the following: If there is only one class of capital stock of the Corporation issued and outstanding, the Fair Price shall mean the highest price that can be determined by a majority of the Continuing Directors to have been paid at any time by the Interested Person for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Fair Price shall mean with respect to each class and series of capital stock of the Corporation, the amount determined by a majority of the Continuing Directors to be the highest per share price equivalent of the highest price that can be determined to have been paid at any time by the Interested Person for any share or shares of any class or series of capital stock of the Corporation. In determining the Fair Price, all purchases by the Interested Person shall be taken into account regardless of whether the shares were purchased before or after the Interested Person became an Interested Person. Also, the Fair Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Interested Person with respect to the shares of capital stock of the Corporation acquired by the Interested Person. In the case of any Business Combination with an Interested Person, a majority of the Continuing Directors shall determine the Fair Price for each class and series of the capital stock of the Corporation. The Fair Price shall also include interest compounded annually from the date an Interested Person became an Interested Person through the date the Business Combination is consummated at the publicly announced base rate of interest of Morgan Guaranty Trust Company of New York less the aggregate amount of any cash dividends paid, and the fair market value of any dividends paid in other than cash, on each share of capital stock in the same time period, in an amount up to but not exceeding the amount of interest so payable per share of capital stock.

2.6. Substantial Part. The term "Substantial Part" shall mean more than 20 percent of the fair market value as determined by two-thirds of the Continuing Directors of the total consolidated assets of the Corporation and its subsidiaries taken as a whole as of the end of its most recent fiscal year ended prior to the time the determination is being made.

2.7. Other Consideration to be Received. The term "Other Consideration to be Received" shall include, without limitation, Common Stock or other capital stock of the Corporation retained by its existing stockholders other than Interested Persons or other parties to such Business Combination in the event of a Business Combination in which the Corporation is the surviving corporation.

Section 3. Determinations by the Continuing Directors. In making any determinations, the Continuing Directors may engage such persons, including investment banking firms and the independent accountants who have reported on the most recent financial statements of the Corporation, and utilize employees and agents of the Corporation, who will, in the judgment of the Continuing Directors, be of assistance to the Continuing Directors. Any determinations made by the Continuing Directors, acting in good faith on the basis of such information and assistance as was then reasonably available for such purposes, shall be conclusive and binding upon the Corporation and its stockholders, including any Interested Person.

ELEVENTH. ~~Section 2. Amendments Generally. Subject to the provisions of Section 1 of this Article ELEVENTH, t~~The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

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

FORM 10-K

(Mark One)

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

For the fiscal year ended January 30, 2016

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

L BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**31-1029810**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Three Limited Parkway, Columbus, Ohio	**43230**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was: $19,909,393,868.

Number of shares outstanding of the registrant's Common Stock as of March 11, 2016: 287,080,045.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Registrant's 2016 Annual Meeting of Stockholders to be held on May 19, 2016, are incorporated by reference into Part II and Part III.

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PART I

ITEM 1. BUSINESS.

General

L Brands, Inc. ("we" or "the Company") operates in the highly competitive specialty retail business. Founded in 1963 in Columbus, Ohio, we have evolved from an apparel-based specialty retailer to a segment leader focused on women's intimate and other apparel, personal care and beauty categories. We sell our merchandise through company-owned specialty retail stores in the United States ("U.S."), Canada and the United Kingdom ("U.K."), which are primarily mall-based; through websites; and through international franchise, license and wholesale partners (collectively, "partners").

Victoria's Secret

Victoria's Secret, including PINK, is the leading specialty retailer of women's intimate and other apparel with fashion-inspired collections, prestige fragrances, celebrated supermodels and world-famous runway shows. We sell our Victoria's Secret products at more than 1,100 Victoria's Secret stores in the U.S., Canada and U.K. and online at *www.VictoriasSecret.com*. Additionally, Victoria's Secret has more than 390 stores and various small-format locations in more than 75 other countries operating under franchise, license and wholesale arrangements.

Bath & Body Works

Bath & Body Works is one of the leading specialty retailers of personal care, soaps, sanitizers and home fragrance products. We sell our Bath & Body Works products at more than 1,600 Bath & Body Works stores in the U.S. and Canada and online at *www.BathandBodyWorks.com*. Additionally, Bath & Body Works has 125 stores in 30 other countries operating under franchise, license and wholesale arrangements.

Other Brands

La Senza is a specialty retailer of women's intimate apparel. We sell our La Senza products at more than 120 La Senza stores in Canada and online at *www.LaSenza.com*. Additionally, La Senza has more than 220 stores in 29 other countries operating under franchise, license and wholesale arrangements.

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

Divestiture

In the first quarter of 2015, the Company divested its remaining ownership interest in its third-party apparel sourcing business to Sycamore Partners. For additional information, see Note 7 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "2015," "2014," "2013" and "2011" refer to the 52-week periods ending January 30, 2016, January 31, 2015, February 1, 2014 and January 28, 2012, respectively. "2012" refers to the 53-week period ending February 2, 2013.

Real Estate

Company-owned Retail Stores

Our company-owned retail stores are located in shopping malls, lifestyle centers and street locations in the U.S., Canada and U.K. As a result of our strong brand and established retail presence, we have been able to lease high-traffic locations in most retail centers in which we operate. Substantially all of our stores were profitable in 2015.

The following table provides the retail businesses and the number of our company-owned retail stores in operation for each business as of January 30, 2016 and January 31, 2015.

	January 30, 2016	January 31, 2015
Victoria's Secret Stores U.S.	990	983
PINK U.S.	128	115
Victoria's Secret Canada	37	31
PINK Canada	9	10
Bath & Body Works U.S.	1,574	1,558
Bath & Body Works Canada	98	88
Victoria's Secret U.K.	12	8
PINK U.K.	2	2
La Senza Canada	126	145
Henri Bendel	29	29
Total	3,005	2,969

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

Fiscal Year	Beginning of Year	Opened	Closed	End of Year
2015	2,969	72	(36)	3,005
2014	2,923	81	(35)	2,969
2013	2,876	81	(34)	2,923
2012	2,941	48	(113)	2,876
2011	2,968	40	(67)	2,941

Franchise, License and Wholesale Arrangements

In addition to our company-owned stores, our products are sold at hundreds of partner locations in over 80 countries. We have arrangements with unaffiliated partners to operate Victoria's Secret, Bath & Body Works and La Senza stores throughout the world. Under these arrangements, third parties operate stores that sell our products under our brand names. Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon sale of merchandise by franchise and license partners to retail customers. Revenue is generally recognized under wholesale arrangements at the time the title passes to the partner. We continue to increase the number of locations under these types of arrangements as part of our international expansion.

The following table provides the number of our international stores operated by our partners for each business as of January 30, 2016 and January 31, 2015.

	January 30, 2016	January 31, 2015
Victoria's Secret Beauty and Accessories	373	290
Victoria's Secret	16	13
PINK	3	1
Bath & Body Works	125	80
La Senza	221	266
Total	738	650

Our Strengths

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

Industry Leading Brands

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

- At Victoria's Secret, we market glamorous and sexy product lines to our customers, such as Body by Victoria, Angels and Very Sexy. While bras and panties are the core of what we do, this brand also gives our customers choices in loungewear, accessories, fragrances, personal care, swimwear and athletic attire.
- At PINK, we market products to the college-aged woman. While bras and panties are the core of what we do, this brand also gives our customers choices in loungewear, accessories, fragrances, personal care, swimwear and athletic attire.
- Bath & Body Works caters to our customers' entire well-being, providing shower gels and lotions, aromatherapy, soaps and sanitizers, home fragrance and personal care accessories.

In-Store Experience and Store Operations

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

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

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

Product Development, Sourcing and Logistics

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

Experienced and Committed Management Team

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

Additional Information

Merchandise Suppliers

During 2015, we purchased merchandise from approximately 400 suppliers located throughout the world. No supplier provided 10% or more of our merchandise purchases.

Distribution and Merchandise Inventory

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

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

Information Systems

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

Seasonal Business

Our operations are seasonal in nature and consist of two principal selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters). The fourth quarter, including the holiday season, accounted for approximately one-third of our net sales for 2015, 2014 and 2013 and is typically our most profitable quarter. Accordingly, cash requirements are highest in the third quarter as our inventories build in advance of the holiday season.

Working Capital

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

Regulation

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

Trademarks and Patents

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

Segment Information

We have three reportable segments: Victoria's Secret, Bath & Body Works and Victoria's Secret and Bath & Body Works International. For additional information, including the financial results of our reportable segments, see Note 19 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Other Information

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

Competition

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

Associate Relations

As of January 30, 2016, we employed approximately 87,900 associates; 65,000 of whom were part-time. In addition, temporary associates are hired during peak periods, such as the holiday season.

Executive Officers of Registrant

Set forth below is certain information regarding our executive officers.

Leslie H. Wexner, 78, has been our Chief Executive Officer since our founding in 1963 and Chairman of the Board of Directors since 1975.

Stuart B. Burgdoerfer, 52, has been our Executive Vice President and Chief Financial Officer since April 2007.

Nicholas P. M. Coe, 53, has been our Chief Executive Officer and President of Bath & Body Works since August 2011.

Charles C. McGuigan, 59, has been our Chief Operating Officer since May 2012 and our Chief Executive Officer and President of Mast Global since February 2011.

Sharen J. Turney, 59, served as the Chief Executive Officer and President of Victoria's Secret since July 2006. On February 12, 2016, we announced her resignation and Leslie H. Wexner assumed leadership of Victoria's Secret.

Available Information

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

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

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

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

L Brands, Inc.
Investor Relations Department
Three Limited Parkway
Columbus, Ohio 43230

ITEM 1A. RISK FACTORS.

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

- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, health hazards, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- the dependence on mall traffic and the availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand internationally and related risks;
- our relationships with independent franchise, license and wholesale partners;
- our direct channel businesses;
- our ability to protect our reputation and our brand images;
- our ability to attract customers with marketing, advertising and promotional programs;

- our ability to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
    - political instability, significant health hazards, environmental hazards or natural disasters;
    - duties, taxes and other charges;
    - legal and regulatory matters;
    - volatility in currency exchange rates;
    - local business practices and political issues;
    - potential delays or disruptions in shipping and transportation and related pricing impacts;
    - disruption due to labor disputes; and
    - changing expectations regarding product safety due to new legislation;
- our geographic concentration of supplier and distribution facilities in central Ohio;
- fluctuations in foreign currency exchange rates;
- stock price volatility;
- our ability to pay dividends and related effects;
- our ability to maintain our credit rating;
- our ability to service or refinance our debt;
- our ability to retain key personnel;
- our ability to attract, develop and retain qualified employees and manage labor-related costs;
- the ability of our manufacturers to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- fluctuations in product input costs;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, supplier or company information;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax matters.

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

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

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

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

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

Extreme weather conditions in the areas in which our stores are located, particularly in markets where we have multiple stores, could adversely affect our business. For example, heavy snowfall, rainfall or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to our stores and thereby reduce our sales and profitability.

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

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

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

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

Most of our stores are located in retail shopping areas including malls and other types of retail centers. Sales at these stores are derived, in part, from the volume of traffic in those retail areas. Our stores benefit from the ability of the retail center and other attractions in an area, including “destination” retail stores, to generate consumer traffic in the vicinity of our stores. Sales volume and retail traffic may be adversely affected by factors that we cannot control, such as economic downturns or changes in consumer demographics in a particular area, competition from internet and other retailers and other retail areas where we do not have stores, the closing or decline in popularity of other stores in the shopping areas where our stores are located and the deterioration in the financial condition of the operators of the shopping areas or developers in which our stores are located.

Part of our future growth is significantly dependent on our ability to operate stores in desirable locations with capital investment and lease costs providing the opportunity to earn a reasonable return. We cannot be sure as to when or whether such desirable locations will become available at reasonable costs. Some of our store locations, such as our Victoria's Secret flagship stores, require significant upfront capital investment and have material lease commitments. Additionally, we are dependent upon the suitability of the lease spaces that we currently use. The leases that we enter into are generally non-cancelable leases with initial terms of ten years. If we determine that it is no longer economical to operate a store and decide to close it, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term.

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

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

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

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

We intend to further expand into international markets, including mainland China and other international markets, through partner arrangements and/or company-owned stores. The risks associated with our expansion into international markets include difficulties in attracting customers due to a lack of customer familiarity with our brands, our lack of familiarity with local customer preferences and seasonal differences in the market. Further, entry into other markets may bring us into competition with new competitors or with existing competitors with an established market presence. Other risks include general economic conditions in specific countries or markets, disruptions or delays in shipments, changes in diplomatic and trade relationships, political instability and foreign governmental regulation. Such expansions will also have upfront investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance.

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

Further, our results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates. See "Fluctuations in foreign currency exchange rates could adversely impact our financial condition and results of operations" below.

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

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

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

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

Our direct operations are subject to numerous risks that could have a material adverse effect on our results. Risks include, but are not limited to, the difficulty in recreating the in-store experience through our direct channels; domestic or international resellers purchasing merchandise and reselling it outside our control; our ability to anticipate and implement innovations in technology and logistics in order to appeal to existing and potential customers who increasingly rely on multiple channels to meet their shopping needs; the failure of and risks related to the systems that operate our web infrastructure, websites and the related support systems, including computer viruses, theft of customer information, privacy concerns, telecommunication failures and electronic break-ins and similar disruptions; and risks related to the fulfillment of direct-to-consumer orders such as not adequately predicting customer demand.

Our failure to maintain efficient and uninterrupted order-taking and fulfillment operations could also have a material adverse effect on our results. The satisfaction of our online customers depends on their timely receipt of merchandise. If we encounter difficulties with the distribution facilities, or if the facilities were to shut down for any reason, including as a result of fire or other natural disaster or work stoppage, we could face shortages of inventory; incur significantly higher costs and longer lead times associated with distributing our products to our customers; and cause customer dissatisfaction.

Any of these issues could have a material adverse effect on our operations, financial condition and cash flows.

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

Our ability to maintain our reputation is critical to our brand images. Our reputation could be jeopardized if we fail to maintain high standards for merchandise quality and integrity. Any negative publicity, including information publicized through traditional or social media platforms and similar venues such as blogs, websites and other forums, may affect our reputation and brand and, consequently, reduce demand for our merchandise, even if such publicity is unverified or inaccurate.

Failure to comply with ethical, social, product, labor and environmental standards, or related political considerations, could also jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts. Failure to comply with local laws and regulations, to maintain an effective system of internal controls, to maintain the security of customer, associate, supplier or company information or to provide accurate and timely financial statement information could also hurt our reputation. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation.

If our marketing, advertising and promotional programs are unsuccessful, or if our competitors are more effective with their programs than we are, our revenue or results of operations may be adversely affected.

Customer traffic and demand for our merchandise is influenced by our advertising, marketing and promotional activities, the name recognition and reputation of our brands and the location of and service offered in our stores. Although we use marketing, advertising and promotional programs to attract customers through various media including television, social media, database marketing and print, some of our competitors may expend more for their programs than we do, or use different approaches than we do, which may provide them with a competitive advantage. Our programs may not be effective or could require increased expenditures, which could have a material adverse effect on our revenue and results of operations.

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

We believe that our trade names, trademarks and patents are important assets and an essential element of our strategy. We have obtained or applied for federal registration of these trade names, trademarks and patents and have applied for or obtained registrations in many foreign countries. There can be no assurance that we will obtain such registrations or that the registrations we obtain will prevent the imitation of our products or infringement of our intellectual property rights by others. In particular, the laws of certain foreign countries may not protect proprietary rights to the same extent as the laws of the United States. If any third-party copies our products or our stores in a manner that projects lesser quality or carries a negative connotation, it could have a material adverse effect on our brand image and reputation as well as our results of operations, financial condition and cash flows.

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

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

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

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

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

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

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

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

We also face a variety of other risks generally associated with doing business on a global basis. For example:

- political instability, significant health hazards, environmental hazards or natural disasters which could negatively affect international economies, financial markets and business activity;
- imposition of new or retaliatory trade duties, sanctions or taxes and other charges on imports or exports;
- evolving or complex legal and regulatory matters;
- volatility in currency exchange rates;
- local business practice and political issues (including issues relating to compliance with domestic or international labor standards) which may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts;
- potential delays or disruptions in shipping and transportation and related pricing impacts;
- disruption due to labor disputes; and
- changing expectations regarding product safety due to new legislation or other factors.

We also rely upon third-party transportation providers for substantially all of our product shipments, including shipments to and from our distribution centers, our stores and to our customers. Our utilization of these delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs, and employee strikes and inclement weather, which may impact our transportation providers' ability to provide delivery services that adequately meet our shipping needs.

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

We rely on a number of supplier and distribution facilities located in the same vicinity, making our business susceptible to local and regional disruptions or adverse conditions.

To achieve the necessary speed and agility in producing our beauty, personal care and home fragrance products, we rely heavily on supplier and distribution facilities in close proximity to our headquarters in central Ohio. As a result of geographic concentration of the supplier and distribution facilities that we rely upon, our operations are susceptible to local and regional factors, such as accidents, system failures, economic and weather conditions, natural disasters, demographic and population changes, and other unforeseen events and circumstances. Any significant interruption in the operations of these facilities could lead to inventory issues or increased costs, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Fluctuations in foreign currency exchange rates could impact our financial condition and results of operations.

We are exposed to foreign currency exchange rate risk with respect to our sales, profits, assets and liabilities denominated in currencies other than the U.S. dollar. In addition, our royalty arrangements are calculated based on sales in local currency and, as such, we are exposed to foreign currency exchange rate fluctuations. Although we use foreign currency forward contracts to hedge certain foreign currency risks, these measures may not succeed in offsetting all of the short-term negative impact of foreign currency rate movements on our business and results of operations. Hedging would generally not be effective in offsetting the long-term impact of sustained shifts in foreign exchange rates on our business results. As a result, the fluctuation in the value of the U.S. dollar against other currencies could have a material adverse effect on our results of operations, financial condition and cash flows.

Our stock price may be volatile.

Our stock price may fluctuate substantially as a result of variations in our actual or projected performance or the financial performance of other companies in the retail industry. Any guidance that we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts or others, our stock price could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk.

In addition, the stock market may experience price and volume fluctuations that are unrelated or disproportionate to operating performance.

If we are unable to pay quarterly dividends at intended levels, our reputation and stock price may be harmed.

Our dividend program requires the use of a portion of our cash flow. Our ability to pay dividends will depend on our ability to generate sufficient cash flows from operations in the future. This ability may be subject to certain economic, financial, competitive and other factors that are beyond our control. Our Board of Directors may, at its discretion, decrease the level of dividends or entirely discontinue the payment of dividends at any time. Any failure to pay dividends after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and negatively impact our stock price.

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

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

We may be impacted by our ability to service or refinance our debt.

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

We may be impacted by our ability to recruit, train and retain key personnel.

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

We may be impacted by our ability to attract, develop and retain qualified employees and manage labor-related costs.

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

We may be impacted by our manufacturers' ability to manufacture and deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations.

We purchase products through contract manufacturers and importers and directly from third-party manufacturers. Factors outside our control, such as manufacturing or shipping delays or quality problems, could disrupt merchandise deliveries and result in lost sales, cancellation charges or excessive markdowns.

In addition, quality problems could result in a product liability judgment or a widespread product recall that may negatively impact our sales and profitability for a period of time depending on product availability, competition reaction and consumer attitudes. Even if the product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertions could adversely impact our reputation with existing and potential customers and our brand image.

Our business could also suffer if our third-party manufacturers fail to comply with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices and our employees periodically visit and monitor the operations of our third-party manufacturers, we do not control these manufacturers or their practices. The violation of labor, environmental or other laws by a third-party manufacturer used by us, or the divergence of a third-party manufacturer's or partner's labor or environmental practices from those generally accepted as ethical or appropriate, could interrupt or otherwise disrupt the shipment or finished products to us or damage our reputation.

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

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

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

Our results may be affected by fluctuations in energy costs.

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

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

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

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

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

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

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

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

Our ability to maintain the security of customer, associate, supplier or company information could have an impact on our reputation and our results.

Information systems are susceptible to an increasing threat of continually evolving cybersecurity risks. Any significant compromise or breach of our data security could significantly damage our reputation with our customers, employees, investors and other third parties; cause the disclosure of confidential customer, associate, supplier or company information; cause our customers to stop shopping with us; and result in significant legal, regulatory and financial liabilities and lost revenues. While we have implemented systems and processes to protect against unauthorized access to our information systems and prevent data loss, there is no guarantee that these procedures are adequate to safeguard against all data security breaches. In addition to our own networks and databases, we use third-party service providers to store, process and transmit certain of this information on our behalf. Although we contractually require these service providers to implement and use reasonable security measures, we cannot control third parties and cannot guarantee that a security breach will not occur in their systems. We have confidential security measures in place to protect our physical facilities and information technology systems from attacks. Despite these measures, we may be vulnerable to targeted or random security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors or similar events.

The regulatory environment related to information security, data collection and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants. Additionally, we could incur lost revenues and face increased litigation as a result of any potential cybersecurity breach.

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

We may be impacted by our ability to comply with regulatory requirements.

We are subject to numerous regulatory requirements. Our policies, procedures and internal controls are designed to comply with all applicable foreign and domestic laws and regulations, including those required by the Sarbanes-Oxley Act of 2002, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the SEC and the New York Stock Exchange (the “NYSE”), among others. Although we have put in place policies and procedures aimed at ensuring legal and regulatory compliance, our employees, subcontractors, vendors, licensees, franchisees and suppliers could take actions that violate these laws and regulations. Any violations of such laws or regulations could have an adverse effect on our reputation, market price of our common stock, results of operations, financial condition and cash flows.

It can be difficult to comply with sometimes conflicting regulations in local, national or foreign jurisdictions as well as new or changing regulations. Also, changes in such laws could make operating our business more expensive or require us to change the way we do business. For example, changes in product safety or other consumer protection laws could lead to increased costs for certain merchandise, or additional labor costs associated with readying merchandise for sale. It may be difficult for us to oversee regulatory changes impacting our business and our responses to changes in the law could be costly and may negatively impact our operations.

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

We, along with third parties we do business with, are subject to complex compliance and litigation risks. Actions filed against us from time to time include commercial, tort, intellectual property, customer, employment, wage and hour, data privacy, securities, anti-corruption and other claims, including purported class action lawsuits. The cost of defending against these types of claims against us or the ultimate resolution of such claims, whether by settlement or adverse court decision, may harm our business. Further, potential claimants may be encouraged to bring suits based on a settlement from us or adverse court decisions against us. We cannot currently assess the likely outcome of such suits, but if the outcome were negative, it could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers and shareholders, that could have a material adverse effect on our reputation, market price of our common stock, results of operations, financial condition and cash flows.

We may be impacted by changes in taxation requirements.

We are subject to income tax in local, national and international jurisdictions. In addition, our products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions. We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. Fluctuations in tax rates and duties, changes in tax legislation or regulation or adverse outcomes of these examinations could have a material adverse effect on our results of operations, financial condition and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following table provides the location, use and size of our distribution, corporate and product development facilities as of January 30, 2016:

Location	Use	Approximate Square Footage
Columbus, Ohio area	Corporate, distribution and shipping	6,938,000
New York, New York	Office, sourcing and product development/design	600,000
Montreal, Quebec, Canada	Office	60,000
Kettering, Ohio	Call center	94,000
Hong Kong	Office and sourcing	60,000
Various international locations	Office and sourcing	145,000

United States

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

Our distribution and shipping facilities consist of eight buildings located in the Columbus, Ohio area. These buildings, including attached office space, comprise approximately 6.9 million square feet.

As of January 30, 2016, we operate 2,721 retail stores located in leased facilities, primarily in malls and shopping centers, throughout the U.S. A substantial portion of these lease commitments consists of store leases generally with an initial term of 10 years. The leases expire at various dates between 2016 and 2031.

Typically, when space is leased for a retail store in a mall or shopping center, we supply all improvements, including interior walls, floors, ceilings, fixtures and decorations. The cost of improvements varies widely, depending on the design, size and location of the store. In certain cases, the landlord of the property may provide an allowance to fund all or a portion of the cost of improvements, serving as a lease incentive. Rental terms for new locations usually include a fixed minimum rent plus a percentage of sales in excess of a specified amount. We usually pay certain operating costs such as common area maintenance, utilities, insurance and taxes. For additional information, see Note 14 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

International

Canada

We lease offices in the Montreal, Quebec area.

As of January 30, 2016, we operate 270 retail stores located in leased facilities, primarily in malls and shopping centers, throughout the Canadian provinces. A substantial portion of these lease commitments consists of store leases generally with an initial term of 10 years. The leases expire on various dates between 2016 and 2030.

United Kingdom

As of January 30, 2016, we operate 14 retail stores in leased facilities in the U.K. These lease commitments consist of store leases with initial terms ranging from 10 to 35 years expiring on various dates between 2021 and 2045.

Other International

As of January 30, 2016, we also have global representation through stores operated by our partners:

- 221 La Senza stores in 29 countries;
- 125 Bath & Body Works stores in 30 countries;
- 19 Victoria's Secret stores in 7 Middle Eastern countries; and
- 373 Victoria's Secret Beauty and Accessories stores and various small-format locations in more than 75 countries.

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

ITEM 3. LEGAL PROCEEDINGS.

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Our common stock ("LB") is traded on the New York Stock Exchange. As of January 30, 2016, there were approximately 40,000 shareholders of record. However, including active associates who participate in our stock purchase plan, associates who own shares through our sponsored retirement plans and others holding shares in broker accounts under street names, we estimate the shareholder base to be approximately 232,000.

The following table provides our quarterly market prices and cash dividends per share for 2015 and 2014:

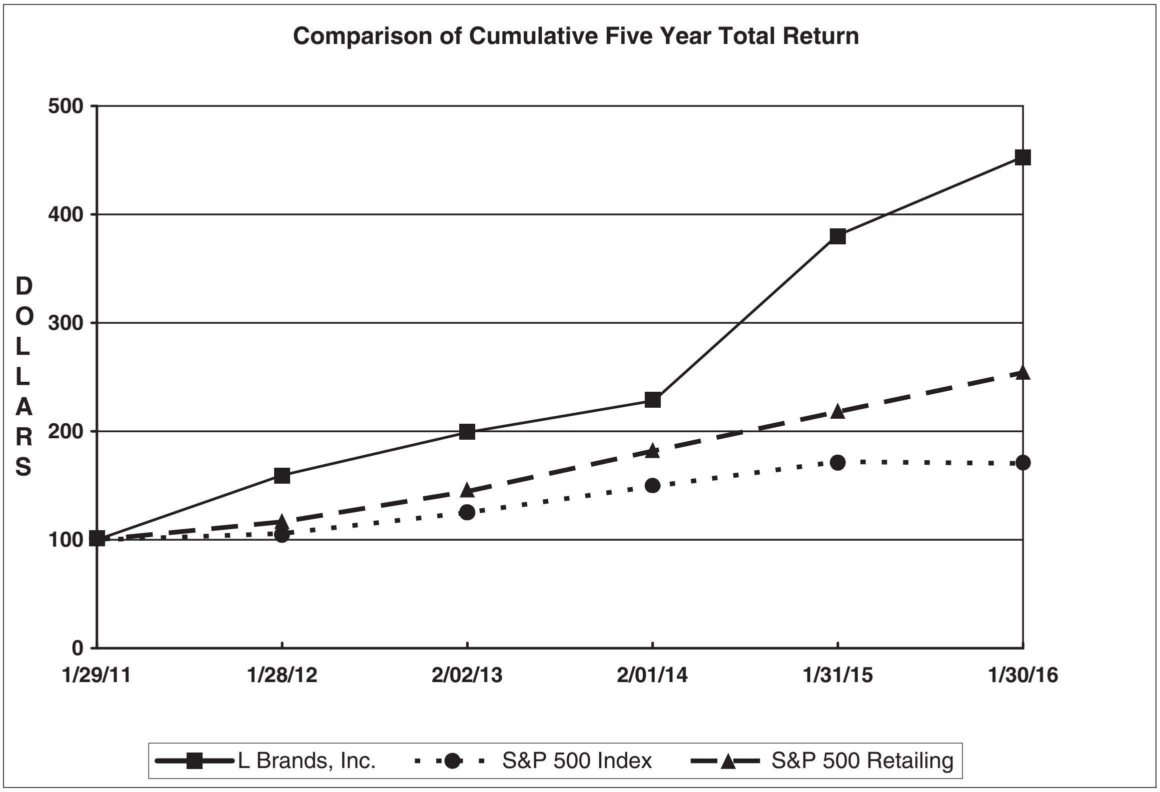
	Market Price		Cash Dividend per Share
	High	Low	
2015			
Fourth quarter	$101.11	$88.66	$0.50
Third quarter	97.93	75.11	0.50
Second quarter	92.13	80.42	0.50
First quarter	95.78	82.38	2.50(a)
2014			
Fourth quarter	$ 87.58	$71.46	$0.34
Third quarter	73.24	57.93	0.34
Second quarter	61.95	53.03	0.34
First quarter	59.95	50.78	1.34

(a) In February 2015, our Board of Directors declared an increase in our quarterly common stock dividend from $0.34 to $0.50 per share and a special dividend of $2 per share. Both dividends were distributed on March 6, 2015 to shareholders of record at the close of business on February 20, 2015.

In February 2016, our Board of Directors declared an increase in our first quarter 2016 common stock dividend from $0.50 to $0.60 per share and a special dividend of $2 per share. Both dividends were distributed on March 4, 2016 to shareholders of record at the close of business on February 19, 2016.

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

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



(a) This table represents $100 invested in stock or in index at the closing price on January 29, 2011, including reinvestment of dividends.
(b) The January 30, 2016 cumulative total return includes the $2 special dividend in March 2015.
(c) The January 31, 2015 cumulative total return includes the $1 special dividend in March 2014.
(d) The February 2, 2013 cumulative total return includes the $1 and $3 special dividends in September 2012 and December 2012, respectively.
(e) The January 28, 2012 cumulative total return includes the $1 and $2 special dividends in May 2011 and December 2011, respectively.

The following table provides our repurchases of our common stock during the fourth quarter of 2015:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Programs (c)	Maximum Dollar Value of Shares that May Yet be Purchased Under the Programs (c)
	(in thousands)			(in thousands)
November 2015	1,186	$92.22	1,177	$28,238
December 2015	7	95.87	—	28,238
January 2016	130	90.89	128	16,595
Total	1,323	92.10	1,305	

(a) The total number of shares repurchased includes shares repurchased as part of publicly announced programs, with the remainder relating to shares repurchased in connection with tax payments due upon vesting of employee restricted stock awards and the use of our stock to pay the exercise price on employee stock options.
(b) The average price paid per share includes any broker commissions.
(c) For additional share repurchase program information, see Note 17 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

ITEM 6. SELECTED FINANCIAL DATA.

	Fiscal Year Ended				
	January 30, 2016	January 31, 2015	February 1, 2014	February 2, 2013 (a)	January 28, 2012
			(in millions)		
Summary of Operations					
Net Sales	$12,154	$11,454	$10,773	$10,459	$10,364
Gross Profit	5,204	4,808	4,429	4,386	4,057
Operating Income (b)	2,192	1,953	1,743	1,573	1,238
Net Income (c)	1,253	1,042	903	753	850
			(as a percentage of net sales)		
Gross Profit	42.8%	42.0%	41.1%	41.9%	39.1%
Operating Income	18.0%	17.1%	16.2%	15.0%	11.9%
Net Income	10.3%	9.1%	8.4%	7.2%	8.2%
Per Share Results					
Net Income Per Basic Share	$ 4.30	$ 3.57	$ 3.12	$ 2.60	$ 2.80
Net Income Per Diluted Share	$ 4.22	$ 3.50	$ 3.05	$ 2.54	$ 2.70
Dividends Per Share	$ 4.00	$ 2.36	$ 1.20	$ 5.00	$ 3.80
Weighted Average Diluted Shares Outstanding (in millions)	297	298	296	297	314
Other Financial Information			(in millions)		
Cash and Cash Equivalents	$ 2,548	$ 1,681	$ 1,519	$ 773	$ 935
Total Assets (d) (e)	8,493	7,476	7,127	5,946	6,049
Working Capital (e)	2,281	1,520	1,296	638	791
Net Cash Provided by Operating Activities	1,869	1,786	1,248	1,351	1,266
Capital Expenditures	727	715	691	588	426
Long-term Debt (d)	5,715	4,722	4,711	4,425	3,438
Other Long-term Liabilities	904	820	770	818	780
Shareholders' Equity (Deficit)	(259)	18	(370)	(1,015)	137
Comparable Store Sales Increase (f)	5%	4%	2%	6%	10%
Return on Average Assets (d) (e)	16%	14%	14%	13%	14%
Current Ratio (e)	2.2	1.9	1.7	1.4	1.5
Stores and Associates at End of Year					
Number of Stores (g)	3,005	2,969	2,923	2,876	2,941
Selling Square Feet (in thousands) (g)	11,902	11,536	11,169	10,849	10,934
Number of Associates	87,900	80,100	94,600	99,400	97,000

(a) The fiscal year ended February 2, 2013 ("2012") represents a 53-week fiscal year.

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

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

(ii) In 2011, a $232 million impairment charge related to goodwill and other intangible assets for our La Senza business; a $111 million gain related to the divestiture of 51% of our third-party apparel sourcing business; $163 million of expense related to the charitable contribution of our remaining shares of Express to the Limited Brands Foundation; and $24 million of restructuring expenses at La Senza.

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

(i) In 2015, a $69 million gain related to the divestiture of our remaining ownership interest in our third-party apparel sourcing business.

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

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

For additional information on 2015 items, see the Notes to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

The effect of the items described in (b) and (c) above increased (decreased) earnings per share by $0.23 in 2015, $(0.38) in 2012 and $0.10 in 2011.

(d) As further discussed in Note 2 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data, prior year amounts have been recast to reflect the retrospective application of Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*.

(e) As further discussed in Note 2 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data, prior year amounts have been recast to reflect the retrospective application of ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*.

(f) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store. The percentage change in comparable store sales are calculated on a comparable calendar period. Therefore, the percentage change in comparable store sales for 2015, 2014, 2013 and 2011 were calculated on a 52 to 52 week basis and the percentage change in comparable store sales for 2012 was calculated on a 53 to 53 week basis. Comparable store sales attributable to our international stores are calculated on a constant currency basis.

(g) Number of stores and selling square feet excludes independently owned Victoria's Secret Beauty and Accessories, Victoria's Secret International, Bath & Body Works International and La Senza International stores operated by our partners.

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

The following discussion and analysis of financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as codified in the Accounting Standards Codification ("ASC"). The following information should be read in conjunction with our financial statements and the related notes included in Item 8. Financial Statements and Supplementary Data.

Our operating results are generally impacted by economic changes and, therefore, we monitor the retail environment using, among other things, certain key industry performance indicators including competitor performance and mall traffic data. These can provide insight into consumer spending patterns and shopping behavior in the current retail environment and assist us in assessing our performance as well as the potential impact of industry trends on our future operating results. Additionally, we evaluate a number of key performance indicators including comparable store sales, gross profit, operating income and other performance metrics such as sales per average selling square foot and inventory per selling square foot in assessing our performance.

Executive Overview

We have a multi-year goal to grow our business and increase operating margins for our brands by focusing on these key business priorities:

- Grow our business in North America;
- Extend our core brands internationally; and
- Focus on the fundamentals of our business including managing inventory, expenses and capital with discipline.

We also continue to focus on:

- Attracting and retaining top talent;
- Maintaining a strong cash and liquidity position while optimizing our capital structure; and
- Returning value to our shareholders.

The following is a discussion of certain of our key business priorities:

Grow our business in North America

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

The core of Victoria's Secret is bras and panties. We see clear opportunities for substantial growth in these categories by focusing on product newness and innovation and expanding into under-penetrated market and price segments. We also have an opportunity to expand to accommodate the full Lingerie and PINK assortment to all of our stores. In 2016, we plan to increase our square footage at Victoria's Secret North America by about 4% through expansions of existing stores and the opening of approximately 13 net new Victoria's Secret stores primarily in the U.S. In our direct channel, we have the infrastructure in place to support growth well into the future. We believe our direct channel is an important form of brand advertising given the ubiquitous nature of the internet and our large customer file.

The core of Bath & Body Works is its personal care, soaps, sanitizers and home fragrance products which together make up the majority of sales and profits for the business. We see clear opportunities for substantial growth in these categories by focusing on product newness and innovation and expanding into under-penetrated market and price segments. In 2016, we plan to increase our square footage at Bath & Body Works North America by about 5% through expansions of existing stores and the opening of approximately 27 net new Bath & Body Works stores (23 in the U.S. and 4 in Canada). Additionally, *www.BathandBodyWorks.com* continues to exhibit significant year-over-year growth.

Extend our core brands internationally

We believe there is substantial opportunity for international growth. We have separate, dedicated teams that have taken a methodical, "test and learn" approach to expansion. We began our international expansion with the acquisition of La Senza at the beginning of 2007, and we've continued to expand our presence outside of North America with a small number of experienced partners and a limited number of company-owned stores. In 2015, we accomplished the following:

- Victoria's Secret Beauty and Accessories Stores—Our partners opened 83 net new Victoria's Secret Beauty and Accessories stores, bringing the total to 373. These stores are located in local markets, airports and tourist destinations. These stores are focused on Victoria's Secret branded beauty and accessory products and are operated by our partners. Our partners plan to open 70 to 85 net new Victoria's Secret Beauty and Accessories stores in 2016.
- Victoria's Secret International Stores—We opened four company-owned Victoria's Secret full-assortment stores in the U.K., bringing the total in the U.K. to 14. In 2016, we plan to open four additional Victoria's Secret full-assortment stores and one PINK store in the U.K. Additionally, a partner opened three Victoria's Secret full-assortment stores and two PINK stores in the Middle East in 2015, bringing the total to 19. Our partners plan to open 14 to 20 more stores in 2016, including four to six PINK stores.
- Bath & Body Works International Stores—Our partners opened 45 net new Bath & Body Works stores in 2015 bringing the total in the Middle East, Latin America, Southeast Asia and Europe to 125. Our partners plan to open 52 to 72 additional stores in 2016.

Focus on the fundamentals of our business

We are focused on the fundamentals of our business which include our customers, core merchandise categories, inventory management, speed and agility, and store selling and execution. In terms of speed and agility, we are focused on inventory discipline through lead-time reductions and in-season agility to increase sales and reduce promotional activity. Finally, we continue to optimize our store selling and execution by concentrating on a better store experience and developing and retaining talented, trained and productive store associates.

2015 Overview

We had record performance in 2015. Our net sales increased $700 million to $12.154 billion driven by a comparable store sales increase of 5%. Our operating income increased $239 million to $2.192 billion and our operating income rate increased to 18.0% from 17.1% driven by growth in all segments.

For additional information related to our 2015 financial performance, see "Results of Operations—2015 Compared to 2014."

We also accomplished the following in 2015:

- Increased earnings per share by 21% to $4.22;
- Our capital expenditures of $727 million included $555 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth;

- Continued to expand company-owned Victoria's Secret stores in the U.S., Canada and U.K. and company-owned Bath & Body Works stores in the U.S. and Canada; and
- Continued to expand Bath & Body Works and Victoria's Secret stores and Victoria's Secret Beauty and Accessories stores with partners throughout the world.

We also are committed to returning value to our shareholders through a combination of dividends and share repurchase programs. During 2015, we paid $1.171 billion in regular and special dividends and repurchased $483 million of our common stock. Additionally, in February 2016, our Board of Directors announced an increase in our regular annual dividend to $2.40 per share, from $2 per share previously. The Board of Directors also declared a special dividend of $2 per share. We use cash flow generated from operating activities and financing activities to fund our dividends and share repurchase programs. Since 2000, we have returned approximately $17 billion to shareholders through share repurchases and dividends.

Adjusted Financial Information

In addition to our results provided in accordance with GAAP above and throughout this Form 10-K, we have provided non-GAAP measurements which present operating income, net income and earnings per share in 2015 on an adjusted basis which removes certain special items. We believe that these special items are not indicative of our ongoing operations due to their size and nature. We use adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Instead, we believe that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definition of adjusted financial information may differ from similarly titled measures used by other companies. The table below reconciles the GAAP financial measures to the non-GAAP financial measures.

	2015	2014	2013
Detail of Special Items included in Other Income—Income (Expense)			
Gain on Divestiture of Third-party Apparel Sourcing Business (a)	$ 78	$ —	$ —
Total Special Items included in Other Income	$ 78	$ —	$ —
Detail of Special Items included in Provision for Income Taxes—Benefit (Provision)			
Tax Effect of Special Items included in Other Income	$ (9)	$ —	$ —
Total Special Items included in Provision for Income Taxes	$ (9)	$ —	$ —
Reconciliation of Reported Net Income to Adjusted Net Income			
Reported Net Income	$1,253	$1,042	$ 903
Special Items included in Net Income	(69)	—	—
Adjusted Net Income	$1,184	$1,042	$ 903
Reconciliation of Reported Earnings Per Share to Adjusted Earnings Per Share			
Reported Earnings Per Share	$ 4.22	$ 3.50	$3.05
Special Items included in Earnings Per Share	(0.23)	—	—
Adjusted Earnings Per Share	$ 3.99	$ 3.50	$3.05

(a) In the first quarter of 2015, we divested our remaining ownership interest in our third-party apparel sourcing business. We received cash proceeds of $85 million and recognized a pre-tax gain of $78 million (after-tax gain of $69 million). For additional information see Note 7, "Equity Investments and Other" included in Item 8. Financial Statements and Supplementary Data.

2016 Outlook

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

At the same time, we are aggressively focusing on bringing compelling merchandise assortments and marketing, store and online experiences to our customers. We will look for, and capitalize on, those opportunities available to us. We believe that our brands, which lead their categories and offer high emotional content to customers at accessible prices, are well positioned heading into 2016.

Company-Owned Store Data

The following table compares 2015 company-owned store data to the comparable periods for 2014 and 2013:

				% Change	
	2015	2014	2013	2015	2014
Sales per Average Selling Square Foot					
Victoria's Secret U.S.	$ 864	$ 836	$ 824	3%	1%
Bath & Body Works U.S.	815	774	725	5%	7%
Sales per Average Store (in thousands)					
Victoria's Secret U.S.	$5,300	$5,061	$4,969	5%	2%
Bath & Body Works U.S.	1,933	1,828	1,714	6%	7%
Average Store Size (selling square feet)					
Victoria's Secret U.S.	6,187	6,083	6,018	2%	1%
Bath & Body Works U.S.	2,382	2,359	2,364	1%	—%
Total Selling Square Feet (in thousands)					
Victoria's Secret U.S.	6,917	6,679	6,379	4%	5%
Bath & Body Works U.S.	3,749	3,675	3,685	2%	—%

The following table compares 2015 company-owned store data to the comparable periods for 2014 and 2013:

Number of Stores	2015	2014	2013
Victoria's Secret U.S.			
Beginning of Period	1,098	1,060	1,019
Opened	28	45	54
Closed	(8)	(7)	(13)
End of Period	1,118	1,098	1,060
Victoria's Secret Canada			
Beginning of Period	41	34	26
Opened	6	7	8
Closed	(1)	—	—
End of Period	46	41	34
Bath & Body Works U.S.			
Beginning of Period	1,558	1,559	1,571
Opened	23	14	8
Closed	(7)	(15)	(20)
End of Period	1,574	1,558	1,559
Bath & Body Works Canada			
Beginning of Period	88	79	71
Opened	10	10	8
Closed	—	(1)	—
End of Period	98	88	79
Victoria's Secret U.K.			
Beginning of Period	10	5	2
Opened	4	5	3
Closed	—	—	—
End of Period	14	10	5
La Senza			
Beginning of Period	145	157	158
Opened	1	—	—
Closed	(20)	(12)	(1)
End of Period	126	145	157
Henri Bendel			
Beginning of Period	29	29	29
Opened	—	—	—
Closed	—	—	—
End of Period	29	29	29
Total			
Beginning of Period	2,969	2,923	2,876
Opened	72	81	81
Closed	(36)	(35)	(34)
End of Period	3,005	2,969	2,923

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Noncompany-Owned Store Data

The following table compares the 2015 noncompany-owned store data to the comparable periods for 2014 and 2013:

Number of Stores	2015	2014	2013
Victoria's Secret Beauty & Accessories			
Beginning of Period	290	198	108
Opened	88	99	95
Closed	(5)	(7)	(5)
End of Period	373	290	198
Victoria's Secret			
Beginning of Period	14	4	3
Opened	5	10	1
Closed	—	—	—
End of Period	19	14	4
Bath & Body Works			
Beginning of Period	80	55	38
Opened	47	26	17
Closed	(2)	(1)	—
End of Period	125	80	55
La Senza			
Beginning of Period	266	331	339
Opened	5	6	28
Closed	(50)	(71)	(36)
End of Period	221	266	331
Total			
Beginning of Period	650	588	488
Opened	145	141	141
Closed	(57)	(79)	(41)
End of Period	738	650	588

Results of Operations—2015 Compared to 2014

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for 2015 in comparison to 2014:

	2015	2014	Operating Income Rate 2015	Operating Income Rate 2014
	(in millions)			
Victoria's Secret	$1,391	$1,271	18.1%	17.6%
Bath & Body Works	858	737	23.9%	22.0%
Victoria's Secret and Bath & Body Works International	88	78	22.8%	23.2%
Other (a)	(145)	(133)	(28.5)%	(23.8)%
Total Operating Income	$2,192	$1,953	18.0%	17.1%

(a) Includes Mast Global, La Senza, Henri Bendel and Corporate.

For 2015, operating income increased $239 million to $2.192 billion, and the operating income rate increased to 18.0% from 17.1%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2015 in comparison to 2014:

	2015	2014	% Change
	(in millions)		
Victoria's Secret Stores (a)	$ 6,112	$ 5,700	7%
Victoria's Secret Direct	1,560	1,507	3%
Total Victoria's Secret	7,672	7,207	6%
Bath & Body Works Stores (a)	3,225	3,048	6%
Bath & Body Works Direct	362	302	20%
Total Bath & Body Works	3,587	3,350	7%
Victoria's Secret and Bath & Body Works International (b)	385	336	15%
Other (c)	510	561	(9%)
Total Net Sales	$12,154	$11,454	6%

(a) Includes company-owned stores in the U.S. and Canada.
(b) Includes Victoria's Secret and Bath & Body Works company-owned and partner-operated stores outside of the U.S. and Canada.
(c) Includes Mast Global, La Senza, Henri Bendel and Corporate.

The following table provides a reconciliation of net sales for 2014 to 2015:

	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
2014 Net Sales	$7,207	$3,350	$336	$561	$11,454
Comparable Store Sales	256	156	8	11	431
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	190	50	25	(20)	245
Foreign Currency Translation	(34)	(29)	(9)	(34)	(106)
Direct Channels	53	60	—	12	125
International Wholesale, Royalty and Other	—	—	25	(20)	5
2015 Net Sales	$7,672	$3,587	$385	$510	$12,154

The following table compares 2015 comparable store sales to 2014:

	2015	2014
Victoria's Secret (a) (b)	5%	3%
Bath & Body Works (a) (b)	5%	6%
Total Comparable Store Sales (b) (c)	5%	4%

(a) Includes company-owned stores in the U.S. and Canada.

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

(c) Includes Victoria's Secret U.S., Victoria's Secret Canada, Bath & Body Works U.S., Bath & Body Works Canada, Victoria's Secret U.K., La Senza and Henri Bendel.

For 2015, our net sales increased $700 million to $12.154 billion, and comparable store sales increased 5%. The results by segment are as follows:

Victoria's Secret

For 2015, net sales increased $465 million to $7.672 billion, and comparable store sales increased 5%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased 7% due to the performance in PINK, core lingerie and sport driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution. These results were partially offset by a decrease in beauty driven by the repositioning of this category and the exit of make-up.

- At Victoria's Secret Direct, net sales increased 3% due to the performance in PINK, core lingerie and sport driven by a compelling merchandise assortment that incorporated newness, innovation and fashion. The results were partially offset by a decrease in non go-forward apparel.

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

Bath & Body Works

For 2015, net sales increased $237 million to $3.587 billion, and comparable store sales increased 5%. At both Bath & Body Works Stores and Bath & Body Works Direct, net sales increased across most categories including home fragrance, Signature Collection and soaps and sanitizers, which all incorporated newness and innovation.

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

Victoria's Secret and Bath & Body Works International

For 2015, net sales increased $49 million to $385 million primarily related to company-owned Victoria's Secret stores in the U.K. and additional stores opened by our partners. These results were partially offset by the negative impacts of foreign currency at Victoria's Secret Beauty and Accessories and Victoria's Secret U.K.

Other

For 2015, net sales decreased $51 million to $510 million primarily related to a decrease in net sales at La Senza due to store closures and the negative impacts of foreign currency.

Gross Profit

For 2015, our gross profit increased $396 million to $5.204 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 42.8% from 42.0% primarily as a result of:

Victoria's Secret

For 2015, gross profit increased primarily driven by:

- At Victoria's Secret Stores, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales and investments in store real estate.
- At Victoria's Secret Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. The increase in merchandise margin was partially offset by higher buying and occupancy expenses driven by investments in our online customer shopping experience.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate at Victoria's Secret Direct due to increased sales in our core categories.

Bath & Body Works

For 2015, gross profit increased primarily driven by:

- At Bath & Body Works Stores, gross profit increased due to higher merchandise margin dollars related to the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales and investments in store real estate.
- At Bath & Body Works Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. The increase in merchandise margin was partially offset by higher buying and occupancy expenses due to an increase in fulfillment costs as a result of the increase in net sales.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate due to favorable product pricing.

Victoria's Secret and Bath & Body Works International

For 2015, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales due to the opening of new stores.

The gross profit rate decrease was primarily driven by a decrease in the merchandise margin rate due to the negative impacts of foreign currency.

General, Administrative and Store Operating Expenses

For 2015, our general, administrative and store operating expenses increased $157 million to $3.012 billion primarily driven by an increase in store selling expenses related to higher sales volumes and investments in store selling to improve the customer experience.

The general, administrative and store operating expense rate decreased to 24.8% from 24.9% primarily due to leverage associated with higher net sales.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2015 and 2014:

	2015	2014
Average daily borrowings (in millions)	$5,005	$4,910
Average borrowing rate (in percentages)	6.7%	6.6%

For 2015, our interest expense increased $10 million to $334 million primarily due to an increase in average borrowings related to the October 2015 $1 billion note issuance.

Other Income

For 2015, our other income increased $69 million to $76 million primarily driven by a pre-tax gain of $78 million due to the divestiture of our remaining ownership interest in our third-party apparel sourcing business to Sycamore Partners.

Provision for Income Taxes

For 2015, our effective tax rate decreased to 35.2% from 36.3%. The 2015 and 2014 rates were lower than our combined estimated federal and state statutory rate primarily due to foreign earnings taxed at a rate lower than our combined estimated federal and state statutory rate.

Results of Operations—Fourth Quarter of 2015 Compared to Fourth Quarter of 2014

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for the fourth quarter of 2015 in comparison to the fourth quarter of 2014:

	Fourth Quarter		Operating Income Rate	
	2015	2014	2015	2014
	(in millions)			
Victoria's Secret	$ 594	$509	22.7%	21.2%
Bath & Body Works	487	449	32.1%	32.0%
Victoria's Secret and Bath & Body Works International	28	29	25.0%	27.9%
Other (a)	(31)	(30)	(20.7)%	(20.1)%
Total Operating Income	$1,078	$957	24.5%	23.5%

(a) Includes Mast Global, La Senza, Henri Bendel and Corporate.

For the fourth quarter of 2015, operating income increased $121 million to $1.078 billion, and the operating income rate increased to 24.5% from 23.5%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for the fourth quarter of 2015 in comparison to the fourth quarter of 2014:

Fourth Quarter	2015	2014	% Change
	(in millions)		
Victoria's Secret Stores (a)	$2,047	$1,914	7%
Victoria's Secret Direct	567	492	15%
Total Victoria's Secret	2,614	2,406	9%
Bath & Body Works Stores (a)	1,362	1,277	7%
Bath & Body Works Direct	158	127	24%
Total Bath & Body Works	1,520	1,404	8%
Victoria's Secret and Bath & Body Works International (b)	112	106	6%
Other (c)	149	153	(3)%
Total Net Sales	$4,395	$4,069	8%

(a) Includes company-owned stores in the U.S. and Canada.
(b) Includes Victoria's Secret and Bath & Body Works company-owned and partner-operated stores outside of the U.S. and Canada.
(c) Includes Mast Global, La Senza, Henri Bendel and Corporate.

The following table provides a reconciliation of net sales for the fourth quarter of 2014 to the fourth quarter of 2015:

Fourth Quarter	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
			(in millions)		
2014 Net Sales	$2,406	$1,404	$106	$153	$4,069
Comparable Store Sales	92	71	2	5	170
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	52	27	8	(3)	84
Foreign Currency Translation	(11)	(13)	(2)	(10)	(36)
Direct Channels	75	31	—	5	111
International, Wholesale, Royalty and Other	—	—	(2)	(1)	(3)
2015 Net Sales	$2,614	$1,520	$112	$149	$4,395

The following table compares fourth quarter of 2015 comparable store sales to fourth quarter of 2014:

Fourth Quarter	2015	2014
Victoria's Secret (a) (b)	5%	4%
Bath & Body Works (a) (b)	6%	8%
Total Comparable Store Sales (b) (c)	6%	6%

(a) Includes company-owned stores in the U.S. and Canada.
(b) The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. A store is typically included in the calculation of comparable store sales when it has been open or owned 12 months or more and it has not had a change in selling square footage of 20% or more. Additionally, stores of a given brand are excluded if total selling square footage for the brand in the mall changes by 20% or more through the opening or closing of a second store. The percentage change in comparable store sales are calculated on a comparable calendar period. Comparable store sales attributable to our international stores are calculated on a constant currency basis.
(c) Includes Victoria's Secret U.S., Victoria's Secret Canada, Bath & Body Works U.S., Bath & Body Works Canada, Victoria's Secret U.K., La Senza and Henri Bendel.

For the fourth quarter of 2015, our net sales increased $326 million to $4.395 billion, and comparable store sales increased 6%. The results by segment are as follows:

Victoria's Secret

For the fourth quarter of 2015, net sales increased $208 million to $2.614 billion, and comparable store sales increased 5%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased 7% due to the performance in PINK, core lingerie and sleep driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution. These results were partially offset by a decrease in beauty driven by the repositioning of this category.
- At Victoria's Secret Direct, net sales increased 15% due to the performance in PINK, core lingerie, sport and sleep driven by a compelling merchandise assortment that incorporated newness, innovation and fashion.

The increase in comparable store sales was driven by higher average dollar sales.

Bath & Body Works

For the fourth quarter of 2015, net sales increased $116 million to $1.520 billion, and comparable store sales increased 6%. At both Bath & Body Works Stores and Bath & Body Works Direct, net sales increased across most categories including home fragrance, Signature Collection and soaps and sanitizers.

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

Victoria's Secret and Bath & Body Works International

For the fourth quarter of 2015, net sales increased $6 million to $112 million primarily related to company-owned Victoria's Secret stores in the U.K. and additional stores opened in other parts of the world by our partners. These results were partially offset by a decrease in net sales at our Victoria's Secret Beauty and Accessories business due to the negative impacts of foreign currency, repositioning of the beauty category and a general decline in travel retail and tourism.

Other

For the fourth quarter of 2015, net sales decreased $4 million to $149 million primarily related to a decrease in net sales at La Senza due to store closures and the negative impacts of foreign currency.

Gross Profit

For the fourth quarter of 2015, our gross profit increased $167 million to $2.002 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 45.6% from 45.1% primarily as a result of:

Victoria's Secret

For the fourth quarter of 2015, gross profit increased primarily driven by:

- At Victoria's Secret Stores, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by investments in store real estate.
- At Victoria's Secret Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales in our core categories as well as a decrease in buying and occupancy expenses due to a decrease in catalogue costs.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate at Victoria's Secret Direct due to increased sales in our core categories and a decrease in the buying and occupancy expense rate due to the leverage associated with the decrease in catalogue costs.

Bath & Body Works

For the fourth quarter of 2015, gross profit increased primarily driven by:

- At Bath & Body Works Stores, gross profit increased due to higher merchandise margin dollars related to the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales and investments in store real estate.
- At Bath & Body Works Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales. The increase in merchandise margin was partially offset by higher buying and occupancy expenses due to an increase in fulfillment costs as a result of the increase in net sales.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate due to favorable product pricing, partially offset by an increase in the buying and occupancy expense rate due to deleverage associated with the increase in occupancy expense mentioned above.

Victoria's Secret and Bath & Body Works International

For the fourth quarter of 2015, gross profit decreased due to a decrease in the merchandise margin dollars at Victoria's Secret Beauty and Accessories due to the negative impacts of foreign currency, repositioning of the beauty category and a general decline in travel retail and tourism.

The gross profit rate decrease was primarily driven by a decrease in the merchandise margin rate due to the negative impacts of foreign currency at Victoria's Secret Beauty and Accessories.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2015, our general, administrative and store operating expenses increased $46 million to $924 million primarily driven by an increase in store selling expenses related to higher sales volumes and investments in store selling to improve the customer experience.

The general, administrative and store operating expense rate decreased to 21.0% from 21.6% primarily due to leverage associated with higher net sales.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2015 and 2014:

Fourth Quarter	2015	2014
Average daily borrowings (in millions)	$5,756	$4,750
Average borrowing rate (in percentages)	6.8%	6.6%

For the fourth quarter of 2015, our interest expense increased $19 million to $97 million primarily due to an increase in average borrowings related to the October 2015 $1 billion note issuance as well as an increase in the average borrowing rate.

Provision for Income Taxes

For the fourth quarter of 2015, our effective tax rate decreased to 35.2% from 35.8%. The 2015 and 2014 rates were lower than our combined estimated federal and state statutory rate primarily due to foreign earnings taxed at a rate lower than our combined estimated federal and state statutory rate.

Results of Operations—2014 Compared to 2013

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for 2014 in comparison to 2013:

	2014	2013	Operating Income Rate 2014	Operating Income Rate 2013
	(in millions)			
Victoria's Secret	$1,271	$1,153	17.6%	16.8%
Bath & Body Works	737	648	22.0%	20.8%
Victoria's Secret and Bath & Body Works International	78	38	23.2%	17.3%
Other (a)	(133)	(96)	(23.8)%	(17.5)%
Total	$1,953	$1,743	17.1%	16.2%

(a) Includes Mast Global, La Senza, Henri Bendel and Corporate.

For 2014, operating income increased $210 million to $1.953 billion, and the operating income rate increased to 17.1% from 16.2%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2014 in comparison to 2013:

	2014	2013	% Change
	(in millions)		
Victoria's Secret Stores (a)	$ 5,700	$ 5,368	6%
Victoria's Secret Direct	1,507	1,516	(1)%
Total Victoria's Secret	7,207	6,884	5%
Bath & Body Works Stores (a)	3,048	2,868	6%
Bath & Body Works Direct	302	250	20%
Total Bath & Body Works	3,350	3,118	7%
Victoria's Secret and Bath & Body Works International (b)	336	222	51%
Other (c)	561	549	2%
Total Net Sales	$11,454	$10,773	6%

(a) Includes company-owned stores in the U.S. and Canada.
(b) Includes Victoria's Secret and Bath & Body Works company-owned and partner-operated stores outside of the U.S. and Canada.
(c) Includes Mast Global, La Senza, Henri Bendel and Corporate.

The following table provides a reconciliation of net sales for 2013 to 2014:

	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
2013 Net Sales	$6,884	$3,118	$222	$549	$10,773
Comparable Store Sales	146	156	14	9	325
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	199	37	35	(10)	261
Foreign Currency Translation	(13)	(13)	2	(17)	(41)
Direct Channels	(9)	52	—	6	49
International Wholesale, Royalty and Other	—	—	63	24	87
2014 Net Sales	$7,207	$3,350	$336	$561	$11,454

The following table compares 2014 comparable store sales to 2013:

	2014	2013
Victoria's Secret (a) (b)	3%	2%
Bath & Body Works (a) (b)	6%	1%
Total Comparable Store Sales (b) (c)	4%	2%

(a) Includes company-owned stores in the U.S. and Canada.

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

(c) Includes Victoria's Secret U.S., Victoria's Secret Canada, Bath & Body Works U.S., Bath & Body Works Canada, Victoria's Secret U.K., La Senza and Henri Bendel.

For 2014, our net sales increased $681 million to $11.454 billion, and comparable store sales increased 4%. The results by segment are as follows:

Victoria's Secret

For 2014, net sales increased $323 million to $7.207 billion, and comparable store sales increased 3%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased 6% due to the performance in PINK, core lingerie and sport driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution. These results were partially offset by a decrease in beauty driven by the exit of the make-up category.
- At Victoria's Secret Direct, net sales were roughly flat due to the decrease in non go-forward apparel offset by increases in PINK, core lingerie, go-forward apparel, sport and beauty. We are shifting our focus to the core categories of the brand including lingerie, PINK and beauty. As a result, net sales in the non go-forward apparel category are declining as we reduce style counts and related inventory.

The increase in comparable store sales was driven by higher average dollar sales.

Bath & Body Works

For 2014, net sales increased $232 million to $3.350 billion, and comparable store sales increased 6%. At both Bath & Body Works Stores and Bath & Body Works Direct, net sales increased across most categories including home fragrance, Signature Collection and soaps and sanitizers, which all incorporated newness and innovation.

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

Victoria's Secret and Bath & Body Works International

For 2014, net sales increased $114 million to $336 million primarily related to the opening of new company-owned Victoria's Secret stores in the U.K. and additional stores opened by our partners.

Other

For 2014, net sales increased $12 million to $561 million primarily related to higher revenue from sales of merchandise to our international partners from Mast Global. This increase was partially offset by a decrease in net sales at La Senza.

Gross Profit

For 2014, our gross profit increased $379 million to $4.808 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 42.0% from 41.1% primarily as a result of:

Victoria's Secret

For 2014, gross profit increased primarily driven by:

- At Victoria's Secret Stores, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales and less promotional activity. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales, investments in real estate and store-related activity.
- At Victoria's Secret Direct, gross profit decreased due to lower merchandise margin dollars as a result of the decrease in net sales and increased promotional activity in the non go-forward apparel business.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate at Victoria's Secret Stores due to the decreased promotional activity, partially offset by an increase in the buying and occupancy expense rate due to deleverage associated with the increase in occupancy expense at Victoria's Secret Stores mentioned above.

Bath & Body Works

For 2014, gross profit increased primarily driven by:

- At Bath & Body Works Stores, gross profit increased due to higher merchandise margin dollars related to the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales and other product-related costs.
- At Bath & Body Works Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate due to favorable product pricing and a decrease in the buying and occupancy expense rate due to leverage associated with higher net sales.

Victoria's Secret and Bath & Body Works International

For 2014, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales due to the opening of new stores. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses for our company-owned stores due to an increase in occupancy expense driven by the opening of new stores, higher net sales, investments in real estate and store-related activity.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate at Victoria's Secret U.K. The increase in the merchandise margin rate was partially offset by an increase in the buying and occupancy expense rate due to deleverage associated with the increase in occupancy expense as a result of the opening of new stores.

Other

For 2014, gross profit decreased due to lower merchandise margin dollars at La Senza. The gross profit rate decrease was primarily driven by a decrease in the merchandise margin rate at La Senza, partially offset by a decrease in the buying and occupancy expense rate.

General, Administrative and Store Operating Expenses

For 2014, our general, administrative and store operating expenses increased $169 million to $2.855 billion primarily driven by an increase in store selling expenses related to higher sales volumes and an increase in incentive compensation.

The general, administrative and store operating expense rate was flat to last year.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2014 and 2013:

	2014	2013
Average daily borrowings (in millions)	$4,910	$4,614
Average borrowing rate (in percentages)	6.6%	6.8%

For 2014, our interest expense increased $10 million to $324 million primarily due to an increase in average borrowings related to the October 2013 $500 million note issuance, partially offset by a decrease in the average borrowing rate.

Other Income

For 2014, our other income decreased $10 million to $7 million primarily due to a decrease in equity method income from our investment in the third-party apparel sourcing business and certain of our investments in Easton.

Provision for Income Taxes

For 2014, our effective tax rate decreased to 36.3% from 37.5%. The 2014 and 2013 rates were lower than our combined estimated federal and state statutory rate primarily due to foreign earnings taxed at a rate lower than our combined estimated federal and state statutory rate.

Results of Operations—Fourth Quarter of 2014 Compared to Fourth Quarter of 2013

Operating Income

The following table provides our segment operating income (loss) and operating income rates (expressed as a percentage of net sales) for the fourth quarter of 2014 in comparison to the fourth quarter of 2013:

	Fourth Quarter		Operating Income Rate	
	2014	2013	2014	2013
	(in millions)			
Victoria's Secret	$509	$463	21.2%	20.1%
Bath & Body Works	449	396	32.0%	30.9%
Victoria's Secret and Bath & Body Works International	29	16	27.9%	22.2%
Other (a)	(30)	(12)	(20.1)%	(8.0)%
Total	$957	$863	23.5%	22.6%

(a) Includes Mast Global, La Senza, Henri Bendel and Corporate.

For the fourth quarter of 2014, operating income increased $94 million to $957 million, and the operating income rate increased to 23.5% from 22.6%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for the fourth quarter of 2014 in comparison to the fourth quarter of 2013:

Fourth Quarter	2014	2013	% Change
	(in millions)		
Victoria's Secret Stores (a)	$1,914	$1,798	6%
Victoria's Secret Direct	492	504	(2)%
Total Victoria's Secret	2,406	2,302	5%
Bath & Body Works Stores (a)	1,277	1,182	8%
Bath & Body Works Direct	127	101	25%
Total Bath & Body Works	1,404	1,283	9%
Victoria's Secret and Bath & Body Works International (b)	106	75	40%
Other (c)	153	158	(3)%
Total Net Sales	$4,069	$3,818	7%

(a) Includes company-owned stores in the U.S. and Canada.

(b) Includes Victoria's Secret and Bath & Body Works company-owned and partner-operated stores outside of the U.S. and Canada.

(c) Includes Mast Global, La Senza, Henri Bendel and Corporate.

The following table provides a reconciliation of net sales for the fourth quarter of 2013 to the fourth quarter of 2014:

Fourth Quarter	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
			(in millions)		
2013 Net Sales	$2,302	$1,283	$ 75	$158	$3,818
Comparable Store Sales	59	91	4	4	158
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	63	10	12	(6)	79
Foreign Currency Translation	(6)	(6)	(2)	(6)	(20)
Direct Channels	(12)	26	—	3	17
International, Wholesale, Royalty and Other	—	—	17	—	17
2014 Net Sales	$2,406	$1,404	$106	$153	$4,069

The following table compares fourth quarter of 2014 comparable store sales to fourth quarter of 2013:

Fourth Quarter	2014	2013
Victoria's Secret (a) (b)	4%	2%
Bath & Body Works (a) (b)	8%	(1)%
Total Comparable Store Sales (b) (c)	6%	1%

(a) Includes company-owned stores in the U.S. and Canada.

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

(c) Includes Victoria's Secret U.S., Victoria's Secret Canada, Bath & Body Works U.S., Bath & Body Works Canada, Victoria's Secret U.K., La Senza and Henri Bendel.

For the fourth quarter of 2014, our net sales increased $251 million to $4.069 billion, and comparable store sales increased 6%. The results by segment are as follows:

Victoria's Secret

For the fourth quarter of 2014, net sales increased $104 million to $2.406 billion, and comparable store sales increased 4%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased 6% due to the performance in PINK, core lingerie and sport driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution. These results were partially offset by a decrease in beauty driven by the exit of the make-up category.
- At Victoria's Secret Direct, net sales decreased 2% due to the decrease in non go-forward apparel partially offset by increases in PINK, core lingerie, go-forward apparel, sport and beauty. We are shifting our focus to the core categories of the brand including lingerie, PINK and beauty. As a result, net sales in the non go-forward apparel category are declining as we reduce style counts and related inventory.

The increase in comparable store sales was driven by higher average dollar sales.

Bath & Body Works

For the fourth quarter of 2014, net sales increased $121 million to $1.404 billion, and comparable store sales increased 8%. The net sales result was primarily driven by:

- At Bath & Body Works Stores, net sales increased 8% related to increases across most categories including home fragrance, soaps and sanitizers, Signature Collection and giftsets.
- At Bath & Body Works Direct, net sales increased 25% related to increases across all categories including Signature Collection, home fragrance and soaps and sanitizers.

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

Victoria's Secret and Bath & Body Works International

For the fourth quarter of 2014, net sales increased $31 million to $106 million primarily related to the opening of new company-owned Victoria's Secret stores in the U.K. and additional stores opened in other parts of the world by our partners.

Other

For the fourth quarter of 2014, net sales decreased $5 million to $153 million primarily related to a decrease in net sales at La Senza.

Gross Profit

For the fourth quarter of 2014, our gross profit increased $193 million to $1.835 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 45.1% from 43.0% primarily as a result of:

Victoria's Secret

For the fourth quarter of 2014, gross profit increased primarily driven by:

- At Victoria's Secret Stores, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales and less promotional activity. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales, investments in real estate and store-related activity.
- At Victoria's Secret Direct, gross profit was roughly flat to last year. An increase in gross profit, due to higher merchandise margin dollars primarily due to increases in net sales in the core categories of PINK, core lingerie, go-forward apparel and sport, was offset by a decrease in net sales in the non go-forward apparel business.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate at Victoria's Secret Stores due to the decreased promotional activity, partially offset by an increase in the buying and occupancy expense rate due to deleverage associated with the increase in occupancy expense at Victoria's Secret Stores mentioned above.

Bath & Body Works

For the fourth quarter of 2014, gross profit increased primarily driven by:

- At Bath & Body Works Stores, gross profit increased due to higher merchandise margin dollars related to the increase in net sales. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses due to an increase in occupancy expense driven by higher net sales and store-related activity.

- At Bath & Body Works Direct, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate due to favorable product pricing and a decrease in the buying and occupancy expense rate due to leverage associated with higher net sales.

Victoria's Secret and Bath & Body Works International

For the fourth quarter of 2014, gross profit increased due to higher merchandise margin dollars as a result of the increase in net sales due to the opening of new stores. The increase in merchandise margin dollars was partially offset by higher buying and occupancy expenses for our company-owned stores due to an increase in occupancy expense driven by higher net sales, investments in real estate and store-related activity.

The gross profit rate increase was primarily driven by an increase in the merchandise margin rate at Victoria's Secret U.K. The increase in the merchandise margin rate was partially offset by an increase in the buying and occupancy expense rate due to deleverage associated with the increase in occupancy expense as a result of the opening of new stores.

Other

For the fourth quarter of 2014, the gross profit increase was primarily driven by an increase in merchandise margin dollars at La Senza due to less promotional activity, favorable product pricing and improved inventory management. The gross profit rate increase was driven by an increase in the merchandise margin rate at La Senza primarily due to less promotional activity, favorable product pricing and improved inventory management.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2014, our general, administrative and store operating expenses increased $99 million to $878 million primarily driven by an increase in incentive compensation and increases in store selling expenses related to higher sales volumes.

The general, administrative and store operating expense rate increased to 21.6% from 20.4% due to the factors cited above.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2014 and 2013:

Fourth Quarter	2014	2013
Average daily borrowings (in millions)	$4,750	$4,963
Average borrowing rate (in percentages)	6.6%	6.7%

For the fourth quarter of 2014, our interest expense decreased $4 million to $78 million primarily driven by a decrease in the average borrowings related to the $213 million repayment of the November 2014 Notes as well as a decrease in the average borrowing rate.

Other Income

For the fourth quarter of 2014, our other income decreased $5 million primarily due to a decrease in equity method income from our investment in the third-party apparel sourcing business.

Provision for Income Taxes

For the fourth quarter of 2014, our effective tax rate decreased to 35.8% from 37.8%. The 2014 and 2013 rates were lower than our combined estimated federal and state statutory rate primarily due to foreign earnings taxed at a rate lower than our combined estimated federal and state statutory rate.

FINANCIAL CONDITION

Liquidity and Capital Resources

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

We believe in returning value to our shareholders through a combination of dividends and share repurchase programs. During 2015, we paid $1.171 billion in regular and special dividends and repurchased $483 million of our common stock. We use cash flow generated from operating activities and financing activities to fund our dividends and share repurchase programs.

Our total cash and cash equivalents held by foreign subsidiaries were $356 million as of January 30, 2016. Under current tax laws and regulations, if cash and cash equivalents held outside the U.S. are repatriated to the U.S., in certain circumstances we may be subject to additional income taxes.

The following table provides our long-term debt balance, net of debt issuance costs and unamortized discounts, as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Senior Unsecured Debt with Subsidiary Guarantee		
$1 billion, 6.875% Fixed Interest Rate Notes due November 2035 (“2035 Notes”)	$ 988	$ —
$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 (“2022 Notes”)	991	989
$1 billion, 6.625% Fixed Interest Rate Notes due April 2021 (“2021 Notes”)	990	988
$500 million, 5.625% Fixed Interest Rate Notes due October 2023 (“2023 Notes”)	496	496
$500 million, 8.50% Fixed Interest Rate Notes due June 2019 (“2019 Notes”) (a)	493	496
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	396	395
Total Senior Unsecured Debt with Subsidiary Guarantee	$4,354	$3,364
Senior Unsecured Debt		
$700 million, 6.90% Fixed Interest Rate Notes due July 2017 (“2017 Notes”) (b)	$ 715	$ 713
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033 (“2033 Notes”)	348	348
$300 million, 7.60% Fixed Interest Rate Notes due July 2037 (“2037 Notes”)	297	297
Foreign Facilities	7	—
Total Senior Unsecured Debt	$1,367	$1,358
Total	$5,721	$4,722
Current Portion of Long-term Debt	(6)	—
Total Long-term Debt, Net of Current Portion	$5,715	$4,722

(a) The balance includes a fair value interest rate hedge adjustment which increased the debt balance by $2 million as of January 30, 2016 and $8 million as of January 31, 2015.
(b) The balance includes a fair value interest rate hedge adjustment which increased the debt balance by $16 million as of January 30, 2016 and $15 million as of January 31, 2015.

In April 2015, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* This guidance requires companies to recognize debt issuance costs related to recognized debt liabilities in the balance sheet as a direct deduction from the carrying amount of those debt liabilities, consistent with debt discounts. We elected to early adopt this standard effective January 30, 2016. Upon adoption, prior period financial statements were recast to present debt issuance costs as a direct deduction from the carrying amount of the related debt liabilities consistent with the retrospective application required by the standard. The impact of the adoption of this standard is a decrease to Other Assets and Long-term Debt on the Consolidated Balance Sheets of $47 million as of January 30, 2016 and $43 million as of January 31, 2015.

Issuance of Notes

In October 2015, we issued $1 billion of 6.875% notes due in November 2035. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by certain of the Company’s 100% owned subsidiaries (the “Guarantors”). The proceeds from the issuance were $988 million, which were net of issuance costs of $12 million. These issuance costs are being amortized through the maturity date of November 2035 and are included within Long-term Debt on the January 30, 2016 Consolidated Balance Sheet.

In October 2013, we issued $500 million of 5.625% notes due in October 2023. The 2023 Notes are jointly and severally guaranteed on a full and unconditional basis by the Guarantors. The proceeds from the issuance were $495 million, which were net of issuance costs of $5 million. These issuance costs are being amortized through the maturity date of October 2023 and are included within Long-term Debt on the Consolidated Balance Sheets.

Repayment of Notes

In November 2014, we repaid the remaining $213 million of our 5.25% Senior Unsecured Notes due November 2014 with cash on hand.

Revolving Facilities

We maintain a secured revolving credit facility ("Revolving Facility"). The Revolving Facility has aggregate availability of $1 billion and expires July 18, 2019. The fees related to committed and unutilized amounts per year are 0.30% per annum, and the fees related to outstanding letters of credit are 1.50% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings or British pound borrowings is LIBOR plus 1.50%. The interest rate on outstanding Canadian dollar borrowings is CDOR plus 1.50% per annum.

The Revolving Facility contains fixed charge coverage and debt to EBITDA financial covenants. We are required to maintain a fixed charge coverage ratio of not less than 1.75 to 1.00 and a consolidated debt to consolidated EBITDA ratio not exceeding 4.00 to 1.00 for the most recent four-quarter period. In addition, the Revolving Facility provides that investments and restricted payments may be made, without limitation on amount, if (a) at the time of and after giving effect to such investment or restricted payment the ratio of consolidated debt to consolidated EBITDA for the most recent four-quarter period is less than 3.00 to 1.00 and (b) no default or event of default exists. As of January 30, 2016, we were in compliance with both of our financial covenants. The ratio of consolidated debt to consolidated EBITDA was less than 3.00 to 1.00, and no default or event of default existed.

During the second quarter of 2014 and the third quarter of 2013, we borrowed and repaid $5 million and $290 million, respectively, under the Revolving Facility. The maximum daily amount outstanding at any point in time during the second quarter of 2014 and third quarter of 2013 was $5 million and $140 million, respectively.

As of January 30, 2016, there were no borrowings outstanding under the Revolving Facility.

The Revolving Facility also supports our letter of credit program. We had $8 million of outstanding letters of credit as of January 30, 2016 that reduce our remaining availability under our amended credit agreements.

In addition to the Revolving Facility we maintain various revolving and term loan bank facilities with availability totaling $35 million to support our foreign operations ("Foreign Facilities"). These Foreign Facilities mature between November 15, 2016 and July 30, 2017. The interest rates on outstanding borrowings are based upon the applicable benchmark rate for the currency of each borrowing.

During 2015, we borrowed $7 million under the Foreign Facilities. The maximum daily amount outstanding at any point in time during 2015 was $7 million. As of January 30, 2016, there were borrowings of $7 million outstanding under the Foreign Facilities.

Fair Value Interest Rate Swap Arrangements

In July 2014, we entered into interest rate swap arrangements related to $100 million of the outstanding 2017 Notes and $100 million of the outstanding 2019 Notes. In 2013, we entered into interest rate swap arrangements related to $200 million of the outstanding 2017 Notes and $200 million of the outstanding 2019 Notes. The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on LIBOR plus a fixed percentage.

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

In the past, we had entered into interest rate swap arrangements on the 2017 Notes. In 2012, we terminated these interest rate designated fair value hedges. The carrying values of the 2017 Notes include unamortized hedge settlements which are amortized as a reduction to interest expense through the maturity date of the Notes.

For information related to our fair value interest rate swap arrangements, see Note 11 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplemental Data.

Working Capital and Capitalization

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

The following table provides a summary of our working capital position and capitalization as of January 30, 2016, January 31, 2015 and February 1, 2014:

	January 30, 2016	January 31, 2015	February 1, 2014
		(in millions)	
Net Cash Provided by Operating Activities	$1,869	$1,786	$1,248
Capital Expenditures	727	715	691
Working Capital (a)	2,281	1,520	1,296
Capitalization:			
Long-term Debt (b)	5,715	4,722	4,711
Shareholders' Equity (Deficit)	(259)	18	(370)
Total Capitalization (b)	5,456	4,740	4,341
Remaining Amounts Available Under Credit Agreements (c)	992	981	992

(a) As further discussed in Note 2 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data, prior year amounts have been recast to reflect the retrospective application of ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*.
(b) As further discussed in Note 2 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data, prior year amounts have been recast to reflect the retrospective application of ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.*
(c) Letters of credit issued reduce our remaining availability under the Revolving Facility. We have outstanding letters of credit that reduce our remaining availability under the Revolving Facility of $8 million, $19 million and $8 million as of January 30, 2016, January 31, 2015 and February 1, 2014, respectively.

The following table provides certain measures of liquidity and capital resources as of January 30, 2016, January 31, 2015 and February 1, 2014:

	January 30, 2016	January 31, 2015	February 1, 2014
Debt-to-capitalization Ratio (a) (b)	105%	100%	109%
Cash Flow to Capital Investment (c)	257%	250%	181%

(a) Long-term debt divided by total capitalization
(b) As further discussed in Note 2 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data, prior year amounts have been recast to reflect the retrospective application of ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.*
(c) Net cash provided by operating activities divided by capital expenditures

Credit Ratings

The following table provides our credit ratings as of January 30, 2016:

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

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

Common Stock Share Repurchases

Under the authority of our Board of Directors, we repurchased shares of our common stock under the following repurchase programs during the fiscal years 2015, 2014 and 2013:

		Shares Repurchased			Amount Repurchased			Average Stock Price of Shares Repurchased within
Repurchase Program	Amount Authorized	2015	2014	2013	2015	2014	2013	Program
	(in millions)	(in thousands)			(in millions)			
June 2015	$250	2,680	NA	NA	$233	NA	NA	$87.06
February 2015	250	2,788	NA	NA	250	NA	NA	$89.45
November 2012	250	NA	1,317	1,377	NA	$ 84	$ 63	$54.02
Total		5,468	1,317	1,377	$483	$ 84	$ 63	

In June 2015, our Board of Directors approved a new $250 million share repurchase program, which included the $0.6 million remaining under the February 2015 repurchase program.

In February 2015, our Board of Directors approved a $250 million share repurchase program, which included the $91 million remaining under the November 2012 repurchase program.

There were no share repurchases reflected in Accounts Payable on the January 30, 2016 or January 31, 2015 Consolidated Balance Sheets.

Subsequent to January 30, 2016, our Board of Directors approved a new $500 million share repurchase program ("February 2016 repurchase program"), which included the $17 million remaining under the June 2015 repurchase program. We repurchased an additional 2.5 million shares of common stock for $211 million under the February 2016 repurchase program subsequent to January 30, 2016.

We use cash flow generated from operating activities and financing activities to fund our share repurchase programs. The timing and amount of any repurchases will be made in our discretion, taking into account a number of factors, including market conditions.

Dividend Policy and Procedures

Under the authority and declaration of our Board of Directors, we paid the following dividends during the fiscal years 2015, 2014 and 2013:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2015				
Fourth Quarter	$0.50	$ —	$0.50	$ 145
Third Quarter	0.50	—	0.50	146
Second Quarter	0.50	—	0.50	146
First Quarter	0.50	2.00	2.50	734
2015 Total	$2.00	$2.00	$4.00	$1,171
2014				
Fourth Quarter	$0.34	$ —	$0.34	$ 100
Third Quarter	0.34	—	0.34	100
Second Quarter	0.34	—	0.34	99
First Quarter	0.34	1.00	1.34	392
2014 Total	$1.36	$1.00	$2.36	$ 691
2013				
Fourth Quarter	$0.30	$ —	$0.30	$ 88
Third Quarter	0.30	—	0.30	87
Second Quarter	0.30	—	0.30	87
First Quarter	0.30	—	0.30	87
2013 Total	$1.20	$ —	$1.20	$ 349

Our Board of Directors will determine future dividends after giving consideration to the Company's levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements as well as financial and other conditions existing at the time. We use cash flow generated from operating activities to fund our ordinary dividends and a combination of cash flow generated from operating activities and financing activities to fund our special dividends.

Subsequent to January 30, 2016, our Board of Directors declared an increase in our first quarter 2016 ordinary dividend from $0.50 to $0.60 per share and a special dividend of $2 per share. Both dividends, totaling $748 million, were paid on March 4, 2016 to shareholders of record at the close of business on February 19, 2016.

Cash Flow

The following table provides a summary of our cash flow activity for the fiscal years ended January 30, 2016, January 31, 2015 and February 1, 2014:

	2015	2014	2013
		(in millions)	
Cash and Cash Equivalents, Beginning of Year	$1,681	$1,519	$ 773
Net Cash Flows Provided by Operating Activities	1,869	1,786	1,248
Net Cash Flows Used for Investing Activities	(443)	(699)	(655)
Net Cash Flows Provided by (Used for) Financing Activities	(558)	(919)	154
Effect of Exchange Rate Changes on Cash	(1)	(6)	(1)
Net Increase in Cash and Cash Equivalents	867	162	746
Cash and Cash Equivalents, End of Year	$2,548	$1,681	$1,519

Operating Activities

Net cash provided by operating activities in 2015 was $1.869 billion, including net income of $1.253 billion. Net income included depreciation and amortization of $457 million, share-based compensation expense of $97 million, gain on divestiture of the third-party apparel sourcing business of $78 million and excess tax benefits from stock-based compensation of $70 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant item in working capital was an increase in operating cash flow associated with an increase in income taxes payable of $131 million.

Net cash provided by operating activities in 2014 was $1.786 billion, including net income of $1.042 billion. Net income included depreciation and amortization of $438 million, share-based compensation expense of $90 million and a decrease in deferred income taxes of $50 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant item in working capital was an increase in operating cash flow associated with a decrease in inventories of $121 million.

Net cash provided by operating activities in 2013 was $1.248 billion, including net income of $903 million. Net income included depreciation and amortization of $407 million and share-based compensation expense of $85 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant item in working capital was a decrease in operating cash flow associated with an increase in inventories of $168 million.

Investing Activities

Net cash used for investing activities in 2015 was $443 million consisting primarily of $727 million of capital expenditures and purchases of marketable securities of $60 million, partially offset by proceeds from the sale of assets of $196 million, proceeds from the divestiture of the third-party apparel sourcing business for $85 million and proceeds from the sale of marketable securities of $50 million. The capital expenditures included $555 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

Net cash used for investing activities in 2014 was $699 million consisting primarily of $715 million of capital expenditures. The capital expenditures included $553 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

Net cash used for investing activities in 2013 was $655 million consisting primarily of $691 million of capital expenditures partially offset by the return of capital from the third-party apparel sourcing business investment of $46 million. The capital expenditures included $551 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

We anticipate spending approximately $900 million to $1 billion for capital expenditures in 2016 with the majority relating to opening new stores and remodeling and improving existing stores. We expect to open approximately 68 new company-owned stores in 2016, primarily in Canada and the U.S.

Financing Activities

Net cash used for financing activities in 2015 was $558 million consisting primarily of quarterly and special dividend payments totaling $4 per share, or $1.171 billion, and repurchases of common stock of $483 million. These were partially offset by the net proceeds of $988 million from the 2035 Notes issuance, excess tax benefits from share-based compensation of $70 million and proceeds from the exercise of stock options of $33 million.

Net cash used for financing activities in 2014 was $919 million consisting primarily of quarterly and special dividend payments totaling $2.36 per share, or $691 million, the repayment of long-term debt of $213 million and repurchases of common stock of $87 million. These were partially offset by excess tax benefits from share-based compensation of $43 million and proceeds from the exercise of stock options of $34 million.

Net cash provided by financing activities in 2013 was $154 million consisting primarily of proceeds from the issuance of long-term debt of $495 million (net of issuance costs), excess tax benefits from share-based compensation of $36 million and proceeds from the exercise of stock options of $32 million. These were partially offset by quarterly dividend payments totaling $1.20 per share, or $349 million, and repurchases of common stock of $60 million.

Contingent Liabilities and Contractual Obligations

The following table provides our contractual obligations, aggregated by type, including the maturity profile as of January 30, 2016:

	Payments Due by Period					
	Total	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**	**Other**
			(in millions)			
Long-term Debt (a)	$ 9,309	$ 385	$1,398	$1,497	$6,029	$ —
Operating Lease Obligations (b)	4,753	640	1,171	972	1,970	—
Purchase Obligations (c)	1,185	1,134	42	8	1	—
Other Liabilities (d)	545	179	—	—	—	366
Total	$15,792	$2,338	$2,611	$2,477	$8,000	$366

(a) Long-term debt obligations relate to our principal and interest payments for outstanding notes and debentures. Interest payments have been estimated based on the coupon rate for fixed rate obligations. Interest obligations exclude amounts which have been accrued through January 30, 2016. For additional information, see Note 10 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(b) Operating lease obligations primarily represent minimum payments due under store lease agreements. For additional information, see Note 14 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

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

(d) Other liabilities primarily include future payments relating to our nonqualified supplemental retirement plan of $274 million which have been reflected under "Other" as the timing of these future payments is not known until an associate leaves the Company or otherwise requests an in-service distribution. In addition, Other liabilities also include future estimated payments associated with unrecognized tax benefits. The "Less Than 1 Year" category includes $178 million of these tax items because it is reasonably possible that the amounts could change in the next 12 months due to audit settlements or resolution of uncertainties. The remaining portion totaling $92 million is included in the "Other" category as it is not reasonably possible that the amounts could change in the next 12 months. For additional information, see Note 9 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

In connection with the disposition of certain businesses, we have remaining guarantees of approximately $24 million related to lease payments of Express, Limited Stores and Dick's Sporting Goods under the current terms of noncancelable leases expiring at various dates through 2021. These guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of the businesses. In certain instances, our guarantee may remain in effect if the term of a lease is extended.

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

Fiscal Year (in millions)	
2016	$ 8
2017	6
2018	4
2019	2
2020	2
Thereafter	2
Total	$24

Our guarantees related to Express and Limited Stores required fair value accounting in accordance with GAAP in effect at the time of these divestitures. Our guarantees related to Dick's Sporting Goods were not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on GAAP in effect at the time of that divestiture. We have not recorded a liability with respect to any of these guarantee obligations as of January 30, 2016 as we concluded that payments under these guarantees were not probable.

In connection with our investment in ETC, in the second quarter of 2015, we provided a guarantee of payment to an interest rate swap counterparty for amounts owed by ETC, if any, upon settlement if ETC is unable to pay. Our estimated maximum potential loss from this guarantee is $77 million. We have not recorded a liability with respect to this guarantee obligation as we concluded that payment under this guarantee was not probable as of January 30, 2016. For additional information, see Note 7, "Equity Investments and Other" and Note 15, "Commitments and Contingencies" included in Item 8. Financial Statements and Supplemental Data.

In 2015, in connection with the sale and leaseback under noncancellable operating leases of certain assets, we provided residual value guarantees to the lessor if the leased assets cannot be sold for an amount in excess of a specified minimum value at the conclusion of the lease term. The leases expire in 2020, and the total amount of the guarantees is approximately $105 million. We recorded a liability of $3 million related to these guarantee obligations as of January 30, 2016 which is included in Other Long-term Liabilities on the Consolidated Balance Sheet.

Off Balance Sheet Arrangements

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

Recently Issued Accounting Pronouncements

Revenue Recognition from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires companies to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be effective beginning in fiscal 2018, with early adoption as of fiscal 2017 permitted. The standard allows for either a full retrospective or a modified retrospective transition method. We are currently evaluating this standard, including the transition method and timing of adoption, and the related impact on our Consolidated Statements of Income and Comprehensive Income, Balance Sheets and Statements of Cash Flows.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This guidance requires companies classified as lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The new standard also will result in enhanced quantitative and qualitative disclosures, including significant judgments made by management, to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing leases. The standard requires modified retrospective adoption and will be effective beginning in fiscal 2019, with early adoption permitted. We are currently evaluating this standard, including the timing of adoption, and the related impact on our Consolidated Statements of Income and Comprehensive Income, Balance Sheets and Statements of Cash Flows.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* This guidance requires companies to recognize debt issuance costs related to recognized debt liabilities in the balance sheet as a direct deduction from the carrying amount of those debt liabilities, consistent with debt discounts. This guidance will be effective beginning in fiscal 2016, and early adoption is permitted.

We elected to early adopt this standard effective January 30, 2016. Upon adoption, prior period financial statements were recast as required by the standard to present debt issuance costs as a direct deduction from the carrying amount of the related debt liabilities consistent with the retrospective application required by the standard. The impact of the adoption of this standard is a decrease to Other Assets and Long-term Debt on the Consolidated Balance Sheets of $47 million as of January 30, 2016 and $43 million as of January 31, 2015.

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes.* This guidance requires companies to present all deferred tax assets and liabilities as noncurrent in the balance sheet. This guidance will be effective beginning in fiscal 2017, and early adoption is permitted.

We elected to early adopt this standard effective January 30, 2016 using the retrospective application transition method as allowed by the standard. Upon adoption, prior period financial statements were recast to present all deferred tax asset and liabilities as noncurrent on the balance sheet. The impact of the adoption of this standard is a decrease in current deferred income tax assets on the Consolidated Balance Sheets of approximately $35 million as of January 30, 2016 and $33 million as of January 31, 2015; an increase in noncurrent deferred income tax assets of $8 million as of January 30, 2016 and January 31, 2015; and a decrease to noncurrent deferred income tax liabilities of $27 million as of January 30, 2016 and $25 million as of January 31, 2015 on the Consolidated Balance Sheets.

Impact of Inflation

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

Critical Accounting Policies and Estimates

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

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

Inventories

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

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

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

Management believes that the assumptions used in these estimates are reasonable and appropriate. A 10% increase or decrease in the inventory valuation adjustment would have impacted net income by approximately $2 million for 2015. A 10% increase or decrease in the estimated physical inventory loss adjustment would have impacted net income by approximately $3 million for 2015.

Valuation of Long-lived Assets

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

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

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

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

Claims and Contingencies

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

Income Taxes

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

Significant judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. In determining our provision for income taxes, we consider permanent differences between book and tax income and statutory income tax rates. Our effective income tax rate is affected by items including changes in tax law, the tax jurisdiction of new stores or business ventures and the level of earnings.

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

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

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

Revenue Recognition

Company-owned Stores and Direct Channels

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

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

Royalty and Other

We also recognize revenues associated with franchise, license and wholesale arrangements. Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon sale of merchandise by franchise and license partners to retail customers. Revenue is generally recognized under wholesale arrangements at the time the title passes to the partner.

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market Risk

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

Foreign Exchange Rate Risk

We have operations in foreign countries, which expose us to market risk associated with foreign currency exchange rate fluctuations. To mitigate the translation risk to our earnings and the fair value of our Canadian operations associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate, we entered into a cross-currency swap related to a Canadian dollar denominated intercompany loan. This cross-currency swap requires the periodic exchange of fixed rate Canadian dollar interest payments for fixed rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S. dollar principal payments upon maturity. The swap arrangement matures in January 2018 at the same time as the related loan. As a result of the Canadian dollar denominated intercompany loan and the related cross-currency swap, we do not believe there is any material translation risk to our Canadian net earnings associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate.

In addition, our Canadian dollar and British pound denominated earnings are subject to exchange rate risk as substantially all of our merchandise sold in Canada and the U.K. is sourced through U.S. dollar transactions. Although we utilize foreign currency forward contracts to partially offset these risks, these measures may not succeed in offsetting all of the short-term impact of foreign currency rate movements and generally may not be effective in offsetting the long-term impact of sustained shifts in foreign currency rates.

Further, although our royalty arrangements with our international partners are denominated in U.S. dollars, the royalties we receive in U.S. dollars are calculated based on sales in the local currency. As a result, our royalties in these arrangements are exposed to foreign currency exchange rate fluctuations.

Interest Rate Risk

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

All of our long-term debt as of January 30, 2016 has fixed interest rates. We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. As of January 30, 2016, we have interest rate swap arrangements with notional amounts of $300 million related to a portion of our 2017 Notes and $300 million related to a portion of our 2019 Notes.

The effect of the interest rate swap arrangements is to convert the respective amount of debt from a fixed interest rate to a variable interest rate. The variable interest rate associated with these swap arrangements fluctuates based on changes in the three-month LIBOR.

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

Fair Value of Financial Instruments

As of January 30, 2016, management believes that the carrying values of cash and cash equivalents, receivables and payables approximate fair value because of the short maturity of these financial instruments.

The following table provides a summary of the principal value and fair value of long-term debt and swap arrangements as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Long-term Debt (a):		
Principal Value	$5,750	$4,750
Fair Value, Estimated (b)	6,209	5,305
Cross-currency Swap Arrangements (c)	(27)	(21)
Fixed-to-Floating Interest Rate Swap Arrangements (c)	(11)	(12)

(a) The increase in the long-term debt is related to the October 2015 issuance of $1 billion notes due in November 2035.

(b) The estimated fair value is based on reported transaction prices. The estimates presented are not necessarily indicative of the amounts that we could realize in a current market exchange.

(c) Swap arrangements are in an asset position.

Concentration of Credit Risk

We maintain cash and cash equivalents and derivative contracts with various major financial institutions. We monitor the relative credit standing of financial institutions with whom we transact and limit the amount of credit exposure with any one entity. We also periodically review the relative credit standing of franchise, license and wholesale partners and other entities to which we grant credit terms in the normal course of business.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

L BRANDS, INC.
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Our fiscal year ends on the Saturday nearest to January 31. Fiscal years are designated in the Consolidated Financial Statements and Notes by the calendar year in which the fiscal year commences. The results for fiscal years 2015, 2014 and 2013 refer to the 52-week periods ending January 30, 2016, January 31, 2015 and February 1, 2014, respectively.

Management's Report on Internal Control Over Financial Reporting

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 30, 2016. In making this assessment, management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria).

Based on our assessment and the COSO criteria, management believes that the Company maintained effective internal control over financial reporting as of January 30, 2016.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting. Ernst & Young LLP's report appears on the following page and expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of January 30, 2016.

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

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

We have audited L Brands, Inc.'s internal control over financial reporting as of January 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). L Brands, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, L Brands, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of L Brands, Inc. as of January 30, 2016 and January 31, 2015, and the related Consolidated Statements of Income, Comprehensive Income, Total Equity (Deficit), and Cash Flows for each of the three years in the period ended January 30, 2016 of L Brands, Inc., and our report dated March 18, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grandview Heights, Ohio
March 18, 2016

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

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

We have audited the accompanying Consolidated Balance Sheets of L Brands, Inc. as of January 30, 2016 and January 31, 2015, and the related Consolidated Statements of Income, Comprehensive Income, Total Equity (Deficit), and Cash Flows for each of the three years in the period ended January 30, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of L Brands, Inc. at January 30, 2016 and January 31, 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 30, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), L Brands, Inc.'s internal control over financial reporting as of January 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 18, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grandview Heights, Ohio
March 18, 2016

L BRANDS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions except per share amounts)

	2015	2014	2013
Net Sales	$12,154	$11,454	$10,773
Costs of Goods Sold, Buying and Occupancy	(6,950)	(6,646)	(6,344)
Gross Profit	5,204	4,808	4,429
General, Administrative and Store Operating Expenses	(3,012)	(2,855)	(2,686)
Operating Income	2,192	1,953	1,743
Interest Expense	(334)	(324)	(314)
Other Income	76	7	17
Income Before Income Taxes	1,934	1,636	1,446
Provision for Income Taxes	681	594	543
Net Income	$ 1,253	$ 1,042	$ 903
Net Income Per Basic Share	$ 4.30	$ 3.57	$ 3.12
Net Income Per Diluted Share	$ 4.22	$ 3.50	$ 3.05

L BRANDS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

	2015	2014	2013
Net Income	$ 1,253	$ 1,042	$ 903
Other Comprehensive Income (Loss), Net of Tax:			
Reclassification of Cash Flow Hedges to Earnings	14	(60)	(50)
Foreign Currency Translation	(23)	21	40
Unrealized Gain on Cash Flow Hedges	6	34	46
Unrealized Gain on Marketable Securities	8	—	—
Total Other Comprehensive Income (Loss), Net of Tax	5	(5)	36
Total Comprehensive Income	$ 1,258	$ 1,037	$ 939

Form 10-K

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

L BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

(in millions except per share amounts)

	January 30, 2016	January 31, 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 2,548	$1,681
Accounts Receivable, Net	261	252
Inventories	1,122	1,036
Other	225	230
Total Current Assets	4,156	3,199
Property and Equipment, Net	2,330	2,277
Goodwill	1,318	1,318
Trade Names and Other Intangible Assets, Net	411	411
Deferred Income Taxes	30	24
Other Assets	248	247
Total Assets	$ 8,493	$7,476
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities:		
Accounts Payable	$ 668	$ 613
Accrued Expenses and Other	977	900
Current Portion of Long-term Debt	6	—
Income Taxes	224	166
Total Current Liabilities	1,875	1,679
Deferred Income Taxes	257	236
Long-term Debt	5,715	4,722
Other Long-term Liabilities	904	820
Shareholders' Equity (Deficit):		
Preferred Stock—$1.00 par value; 10 shares authorized; none issued	—	—
Common Stock—$0.50 par value; 1,000 shares authorized; 313 and 310 shares issued; 290 and 292 shares outstanding, respectively	156	155
Paid-in Capital	545	427
Accumulated Other Comprehensive Income	40	35
Retained Earnings	315	233
Less: Treasury Stock, at Average Cost; 23 and 18 shares, respectively	(1,315)	(832)
Total L Brands, Inc. Shareholders' Equity (Deficit)	(259)	18
Noncontrolling Interest	1	1
Total Equity (Deficit)	(258)	19
Total Liabilities and Equity (Deficit)	$ 8,493	$7,476

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

L BRANDS, INC.

CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

(in millions except per share amounts)

	Common Stock							
	Shares Outstanding	Par Value	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
Balance, February 2, 2013	289	$152	$186	$ 4	$ (672)	$ (685)	$ 1	$(1,014)
Net Income	—	—	—	—	903	—	—	903
Other Comprehensive Income	—	—	—	36	—	—	—	36
Total Comprehensive Income	—	—	—	36	903	—	—	939
Cash Dividends ($1.20 per share)	—	—	—	—	(349)	—	—	(349)
Repurchase of Common Stock	(1)	—	—	—	—	(63)	—	(63)
Exercise of Stock Options and Other	3	2	116	—	—	—	—	118
Balance, February 1, 2014	291	$154	$302	$40	$ (118)	$ (748)	$ 1	$ (369)
Net Income	—	—	—	—	1,042	—	—	1,042
Other Comprehensive Income (Loss)	—	—	—	(5)	—	—	—	(5)
Total Comprehensive Income	—	—	—	(5)	1,042	—	—	1,037
Cash Dividends ($2.36 per share)	—	—	—	—	(691)	—	—	(691)
Repurchase of Common Stock	(1)	—	—	—	—	(84)	—	(84)
Exercise of Stock Options and Other	2	1	125	—	—	—	—	126
Balance, January 31, 2015	292	$155	$427	$35	$ 233	$ (832)	$ 1	$ 19
Net Income	—	—	—	—	1,253	—	—	1,253
Other Comprehensive Income	—	—	—	5	—	—	—	5
Total Comprehensive Income	—	—	—	5	1,253	—	—	1,258
Cash Dividends ($4.00 per share)	—	—	—	—	(1,171)	—	—	(1,171)
Repurchase of Common Stock	(5)	—	—	—	—	(483)	—	(483)
Exercise of Stock Options and Other	3	1	118	—	—	—	—	119
Balance, January 30, 2016	290	$156	$545	$40	$ 315	$(1,315)	$ 1	$ (258)

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

L BRANDS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	2015	2014	2013
Operating Activities			
Net Income	$ 1,253	$1,042	$ 903
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization of Long-lived Assets	457	438	407
Amortization of Landlord Allowances	(42)	(40)	(39)
Deferred Income Taxes	11	50	18
Share-based Compensation Expense	97	90	85
Excess Tax Benefits from Share-based Compensation	(70)	(43)	(36)
Gain on Divestiture of Third-party Apparel Sourcing Business	(78)	—	—
Loss on Sale of Assets, Net	2	—	—
Changes in Assets and Liabilities:			
Accounts Receivable	(10)	(9)	(43)
Inventories	(92)	121	(168)
Accounts Payable, Accrued Expenses and Other	49	90	1
Income Taxes Payable	131	(17)	74
Other Assets and Liabilities	161	64	46
Net Cash Provided by Operating Activities	1,869	1,786	1,248
Investing Activities			
Capital Expenditures	(727)	(715)	(691)
Proceeds from Sale of Assets	196	—	—
Proceeds from Divestiture of Third-party Apparel Sourcing Business	85	—	—
Proceeds from Sale of Marketable Securities	50	—	—
Purchases of Marketable Securities	(60)	—	—
Return of Capital from Third-party Apparel Sourcing Business Investment	—	—	46
Other Investing Activities	13	16	(10)
Net Cash Used for Investing Activities	(443)	(699)	(655)
Financing Activities			
Payments of Long-term Debt	—	(213)	—
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	988	—	495
Borrowings from Revolving Facilities	7	5	290
Repayments on Revolving Facilities	—	(5)	(290)
Repurchase of Common Stock	(483)	(87)	(60)
Dividends Paid	(1,171)	(691)	(349)
Excess Tax Benefits from Share-based Compensation	70	43	36
Proceeds from Exercise of Stock Options	33	35	32
Financing Costs and Other	(2)	(6)	—
Net Cash Provided by (Used for) Financing Activities	(558)	(919)	154
Effects of Exchange Rate Changes on Cash	(1)	(6)	(1)
Net Increase in Cash and Cash Equivalents	867	162	746
Cash and Cash Equivalents, Beginning of Year	1,681	1,519	773
Cash and Cash Equivalents, End of Year	$ 2,548	$1,681	$1,519

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

L BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

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

- Victoria's Secret
- PINK
- Bath & Body Works
- La Senza
- Henri Bendel

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "2015", "2014" and "2013" refer to the 52-week periods ending January 30, 2016, January 31, 2015 and February 1, 2014, respectively.

Basis of Consolidation

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

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

Third-party Apparel Sourcing Business

In the first quarter of 2015, the Company divested its remaining ownership interest in its third-party apparel sourcing business to Sycamore Partners. For additional information, see Note 7, "Equity Investments and Other."

Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, demand deposits with financial institutions and highly liquid investments with original maturities of less than 90 days. The Company's outstanding checks, which totaled $30 million as of January 30, 2016 and $42 million as of January 31, 2015, are included in Accounts Payable on the Consolidated Balance Sheets.

Concentration of Credit Risk

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

The Company also periodically reviews the relative credit standing of franchise, license and wholesale partners and other entities to which the Company grants credit terms in the normal course of business. The Company records an allowance for uncollectable accounts when it becomes probable that the counterparty will be unable to pay.

Marketable Equity Securities

In 2015, the Company invested $10 million in marketable equity securities which are classified as available-for-sale. The Company determines the appropriate classification of investments in equity securities at the acquisition date and re-evaluates the classification at each balance sheet date. This investment is recorded at fair value in other current assets on the January 30, 2016 Consolidated Balance Sheet, and unrealized holding gains and losses are recorded, net of tax, as a component of accumulated other comprehensive income. Unrealized holding gains were $12 million as of January 30, 2016.

Inventories

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

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

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

Advertising Costs

Advertising and catalogue costs are expensed at the time the promotion first appears in media, in the store or when the advertising is mailed. Advertising and catalogue costs totaled $414 million for 2015, $436 million for 2014 and $452 million for 2013.

Property and Equipment

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

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

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

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

Goodwill and Intangible Assets

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

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

Goodwill is reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, the Company performs a qualitative assessment to determine whether it is more likely than not that each reporting unit's fair value is less than its carrying value, including goodwill. If the Company determines that it is more likely than not that the fair value of the reporting unit is less than its carrying value, the Company then estimates the fair value of all assets and liabilities of that reporting unit, including the implied fair value of goodwill, through either estimated discounted future cash flows or market-based methodologies. If the carrying value of goodwill exceeds the implied fair value, the Company recognizes an impairment charge equal to the difference. The Company's reporting units are determined in accordance with the provisions of Accounting Standards Codification ("ASC") Topic 350, *Intangibles—Goodwill and Other*. The Company's reporting units that have goodwill are Victoria's Secret Stores, Victoria's Secret Direct and Bath & Body Works.

Intangible assets with indefinite lives are reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, the Company performs a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If the Company determines that it is more likely than not that the fair value of the asset is less than its carrying amount, the Company estimates the fair value, usually determined by the estimated discounted future cash flows of the asset, compares that value with its carrying amount and records an impairment charge, if any.

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

Leases and Leasehold Improvements

The Company has leases that contain predetermined fixed escalations of minimum rentals and/or rent abatements subsequent to taking possession of the leased property. The Company recognizes the related rent expense on a straight-line basis commencing upon the store possession date. The Company records the difference between the recognized rental expense and amounts payable under the leases as deferred lease credits. The Company's liability for predetermined fixed escalations of minimum rentals and/or rent abatements totaled $150 million as of January 30, 2016 and $142 million as of January 31, 2015. These liabilities are included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company receives construction allowances from landlords related to its retail stores. These allowances are generally comprised of cash amounts received by the Company from its landlords as part of the negotiated lease terms. The Company records a receivable and a landlord allowance at the lease commencement date (date of initial possession of the store). The landlord allowance is amortized on a straight-line basis as a reduction of rent expense over the term of the lease (including the pre-opening build-out period), and the receivable is reduced as amounts are received from the landlord. The Company's unamortized portion of landlord allowances, which totaled $212 million as of January 30, 2016 and $192 million as of January 31, 2015, is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

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

Foreign Currency Translation

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

Derivative Financial Instruments

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

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

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

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

Fair Value

The authoritative guidance included in ASC Topic 820, *Fair Value Measurements and Disclosure,* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. This authoritative guidance further establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

The Company estimates the fair value of financial instruments, property and equipment and goodwill and intangible assets in accordance with the provisions of ASC Topic 820.

Income Taxes

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

In determining the Company's provision for income taxes, the Company considers permanent differences between book and tax income and statutory income tax rates. The Company's effective income tax rate is affected by items including changes in tax law, the tax jurisdiction of new stores or business ventures and the level of earnings.

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

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

Self Insurance

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

Noncontrolling Interest

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

Share-based Compensation

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

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

Revenue Recognition

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

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

The Company also recognize revenues associated with franchise, license and wholesale arrangements. Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon sale of merchandise by franchise and license partners to retail customers. Revenue is generally recognized under wholesale arrangements at the time the title passes to the partner.

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

Costs of Goods Sold, Buying and Occupancy

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

General, Administrative and Store Operating Expenses

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

Use of Estimates in the Preparation of Financial Statements

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

2. New Accounting Pronouncements

Revenue Recognition from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires companies to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be effective beginning in fiscal 2018, with early adoption as of fiscal 2017 permitted. The standard allows for either a full retrospective or a modified retrospective transition method. The Company is currently evaluating this standard, including the transition method and timing of adoption, and the related impact on its Consolidated Statements of Income and Comprehensive Income, Balance Sheets and Statements of Cash Flows.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This guidance requires companies classified as lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The new standard also will result in enhanced quantitative and qualitative disclosures, including significant judgments made by management, to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing leases. The standard requires modified retrospective adoption and will be effective beginning in fiscal 2019, with early adoption permitted. The Company is currently evaluating this standard, including the timing of adoption, and the related impact on its Consolidated Statements of Income and Comprehensive Income, Balance Sheets and Statements of Cash Flows.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* This guidance requires companies to recognize debt issuance costs related to recognized debt liabilities in the balance sheet as a direct deduction from the carrying amount of those debt liabilities, consistent with debt discounts. This guidance will be effective beginning in fiscal 2016, and early adoption is permitted.

The Company elected to early adopt this standard effective January 30, 2016. Upon adoption, prior period financial statements were recast as required by the standard to present debt issuance costs as a direct deduction from the carrying amount of the related debt liabilities consistent with the retrospective application required by the standard. The impact of the adoption of this standard is a decrease to Other Assets and Long-term Debt on the Consolidated Balance Sheets of $47 million as of January 30, 2016 and $43 million as of January 31, 2015.

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes.* This guidance requires companies to present all deferred tax assets and liabilities as noncurrent in the balance sheet. This guidance will be effective beginning in fiscal 2017, and early adoption is permitted.

The Company elected to early adopt this standard effective January 30, 2016 using the retrospective application transition method as allowed by the standard. Upon adoption, prior period financial statements were recast to present all deferred tax asset and liabilities as noncurrent on the balance sheet. The impact of the adoption of this standard is a decrease in current deferred income tax assets on the Consolidated Balance Sheets of approximately $35 million as of January 30, 2016 and $33 million as of January 31, 2015; an increase in noncurrent deferred income tax assets of $8 million as of January 30, 2016 and January 31, 2015; and a decrease to noncurrent deferred income tax liabilities of $27 million as of January 30, 2016 and $25 million as of January 31, 2015.

3. Earnings Per Share

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

The following table provides shares utilized for the calculation of basic and diluted earnings per share for 2015, 2014 and 2013:

	2015	2014	2013
	(in millions)		
Weighted-average Common Shares:			
Issued Shares	312	309	306
Treasury Shares	(21)	(17)	(16)
Basic Shares	291	292	290
Effect of Dilutive Options and Restricted Stock	6	6	6
Diluted Shares	297	298	296
Anti-dilutive Options and Awards (a)	1	1	1

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

4. Inventories

The following table provides details of inventories as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Finished Goods Merchandise	$1,014	$ 942
Raw Materials and Merchandise Components	108	94
Total Inventories	$1,122	$1,036

5. Property and Equipment, Net

The following table provides details of property and equipment, net as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Land	$ 108	$ 87
Buildings and Improvements	460	413
Furniture, Fixtures, Software and Equipment	3,181	3,169
Leasehold Improvements	1,809	1,647
Construction in Progress	81	164
Total	5,639	5,480
Accumulated Depreciation and Amortization	(3,309)	(3,203)
Property and Equipment, Net	$ 2,330	$ 2,277

Depreciation expense was $457 million in 2015, $438 million in 2014 and $406 million in 2013.

In 2015, the Company completed sale and leaseback transactions under noncancellable operating leases of certain assets with a carrying value of $177 million. The proceeds of $178 million from the sale of these assets are included in Proceeds from Sale of Assets within the Investing Activities section of the 2015 Consolidated Statement of Cash Flows. For additional information, see Note 15, "Commitments and Contingencies."

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

Goodwill

The following table provides detail regarding the composition of goodwill for the fiscal years ended January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Victoria's Secret	$ 690	$ 690
Bath & Body Works	628	628
Goodwill	$1,318	$1,318

The Company tests for goodwill impairment at the reporting unit level. The Company's reporting units with goodwill balances at January 30, 2016 were Victoria's Secret Stores, Victoria's Secret Direct and Bath & Body Works.

Intangible Assets—Indefinite Lives

Intangible assets with indefinite lives represent the Victoria's Secret and Bath & Body Works trade names which are included in Trade Names and Other Intangible Assets, Net on the Consolidated Balance Sheets. The following table provides additional detail regarding the composition of trade names as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Victoria's Secret	$246	$246
Bath & Body Works	165	165
Intangible Assets—Trade Names	$411	$411

Intangible Assets—Finite Lives

Intangible assets with finite lives represent certain trademarks and customer relationships. These assets were fully amortized in 2013, as such there was no amortization expense in 2014 and 2015. Amortization expense was $1 million for 2013.

7. Equity Investments and Other

Third-party Apparel Sourcing Business

In 2011, the Company divested a majority ownership interest in its third-party apparel sourcing business to affiliates of Sycamore Partners. In 2015, the Company divested its remaining ownership interest in its third-party apparel sourcing business to Sycamore Partners. The Company received cash proceeds of $85 million and recognized a pre-tax gain of $78 million (after-tax gain of $69 million). The gain is included in Other Income in the 2015 Consolidated Statement of Income and the cash proceeds are included in Proceeds from Divestiture of the Third-party Apparel Sourcing Business within the Investing Activities section of the 2015 Consolidated Statement of Cash Flows.

In 2013 and 2014, the Company received $64 million and $2 million, respectively, in dividends from the third-party apparel sourcing business while accounted for under the equity method of accounting. These dividends reduced the Company's carrying value in the investment. In 2013, $46 million is included in Return of Capital from Third-party Apparel Sourcing Business Investment within the Investing Activities section of the 2013 Consolidated Statement of Cash Flows, and $18 million is included in Other Assets and Liabilities within the Operating Activities section of the 2013 Consolidated Statement of Cash Flows. In 2014, $2 million is included in Other Assets and Liabilities within the Operating Activities section of the 2014 Consolidated Statement of Cash Flows.

The Company's carrying value for this investment was $8 million as of January 31, 2015 and is included in Other Assets on the 2014 Consolidated Balance Sheet. The Company's share of net income (loss) from this investment is included in Other Income on the 2013 and 2014 Consolidated Statements of Income.

Easton Investments

The Company has land and other investments in Easton, a 1,300 acre planned community in Columbus, Ohio that integrates office, hotel, retail, residential and recreational space. These investments totaled $86 million as of January 30, 2016 and $101 million as of January 31, 2015 and are recorded in Other Assets on the Consolidated Balance Sheets.

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

In 2015, ETC entered into an interest rate swap with cash settlement due in February 2017. The Company provided a guarantee of payment to the counterparty for amounts owed by ETC, if any, upon settlement if ETC is unable to pay. The Company's estimated maximum potential loss from this guarantee is $77 million, which was determined primarily based upon the current interest rate and estimated fluctuations in future interest rates, developed using historical fluctuations in interest rates. The Company had no liability recorded with respect to this guarantee obligation as we concluded that payment under this guarantee was not probable as of January 30, 2016.

Also included in the Company's Easton investments is an equity interest in Easton Gateway, LLC ("EG"), an entity that owns and is developing a commercial shopping center in the Easton community. The Company's investment in EG is accounted for using the equity method of accounting. The Company has a majority financial interest in EG, but another unaffiliated member manages the activities that most significantly impact the economic performance of EG including leasing, tenant relationships and maintenance of the center. Certain significant decisions regarding EG require the consent of the unaffiliated member in addition to the Company.

8. Accrued Expenses and Other

The following table provides additional information about the composition of accrued expenses and other as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Deferred Revenue, Principally from Gift Card Sales	$243	$227
Compensation, Payroll Taxes and Benefits	238	244
Interest	100	82
Taxes, Other than Income	76	71
Rent	48	28
Accrued Claims on Self-insured Activities	35	37
Returns Reserve	27	26
Other	210	185
Total Accrued Expenses and Other	$977	$900

9. Income Taxes

The following table provides the components of the Company's provision for income taxes for 2015, 2014 and 2013:

	2015	2014	2013
	(in millions)		
Current:			
U.S. Federal	$553	$454	$407
U.S. State	96	69	90
Non-U.S.	21	21	28
Total	670	544	525
Deferred:			
U.S. Federal	17	46	11
U.S. State	6	3	3
Non-U.S.	(12)	1	4
Total	11	50	18
Provision for Income Taxes	$681	$594	$543

The non-U.S. component of pre-tax income, arising principally from overseas operations, was income of $267 million, $152 million and $131 million for 2015, 2014 and 2013, respectively.

The Company's income taxes payable has been reduced by the excess tax benefits from employee stock plan awards. For stock options, the Company receives an excess income tax benefit calculated as the tax effect of the difference between the fair market value of the stock at the time of grant and exercise. For restricted stock, the Company receives an excess income tax benefit calculated as the tax effect of the difference between the fair market value of the stock at the time of grant and vesting. The Company had net excess tax benefits from equity awards of $70 million, $43 million and $36 million in 2015, 2014 and 2013, respectively, which were reflected as increases to equity.

The following table provides the reconciliation between the statutory federal income tax rate and the effective tax rate for 2015, 2014 and 2013:

	2015	2014	2013
Federal Income Tax Rate	35.0%	35.0%	35.0%
State Income Taxes, Net of Federal Income Tax Effect	3.4%	3.6%	3.8%
Impact of Non-U.S. Operations	(1.7)%	(1.3)%	(1.4)%
Foreign Portion of the Divestiture of Third-party Apparel Sourcing Business	(0.9)%	—%	—%
Other Items, Net	(0.6)%	(1.0)%	0.1%
Effective Tax Rate	35.2%	36.3%	37.5%

Deferred Taxes

The following table provides the effect of temporary differences that cause deferred income taxes as of January 30, 2016 and January 31, 2015. Deferred tax assets and liabilities represent the future effects on income taxes resulting from temporary differences and carryforwards at the end of the respective year.

	January 30, 2016			January 31, 2015		
	Assets	Liabilities	Total	Assets	Liabilities	Total
			(in millions)			
Leases	$ 54	$ —	$ 54	$ 49	$ —	$ 49
Non-qualified Retirement Plan	103	—	103	97	—	97
Property and Equipment	—	(330)	(330)	—	(283)	(283)
Goodwill	—	(15)	(15)	—	(15)	(15)
Trade Names and Other Intangibles	—	(141)	(141)	—	(139)	(139)
State Net Operating Loss Carryforwards	17	—	17	18	—	18
Non-U.S. Operating Loss Carryforwards	157	—	157	158	—	158
Valuation Allowance	(164)	—	(164)	(177)	—	(177)
Other, Net	92	—	92	80	—	80
Total Deferred Income Taxes	$ 259	$(486)	$(227)	$ 225	$(437)	$(212)

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes.* The impact of the adoption of this standard is a decrease in current deferred income tax assets on the Consolidated Balance Sheets of approximately $35 million as of January 30, 2016 and $33 million as of January 31, 2015; an increase in noncurrent deferred income tax assets of $8 million as of January 30, 2016 and January 31, 2015; and a decrease to noncurrent deferred income tax liabilities of $27 million as of January 30, 2016 and $25 million as of January 31, 2015. For additional information, see Note 2, "New Accounting Pronouncements."

As of January 30, 2016, the Company had available for state income tax purposes net operating loss carryforwards which expire, if unused, in the years 2016 through 2035. For those states where the Company has determined that it is more likely than not that the state net operating loss carryforwards will not be realized, a valuation allowance has been provided.

As of January 30, 2016, the Company had available for non-U.S. tax purposes net operating loss carryforwards which expire, if unused, in the years 2027 through 2035. For certain jurisdictions where the Company has determined that it is more likely than not that the net operating loss carryforwards will not be realized, a valuation allowance has been provided on those net operating loss carryforwards as well as other net deferred tax assets.

As of January 30, 2016, we have not provided deferred U.S. income taxes on approximately $454 million of undistributed earnings from non-U.S. subsidiaries. Any unrecognized deferred income tax liability resulting from these amounts is not expected to reverse in the foreseeable future; furthermore, the undistributed foreign earnings are permanently reinvested. If the Company elects to distribute these foreign earnings in the future, they could be subject to additional income taxes. Determination of the amount of any unrecognized deferred income tax liability is not practicable because such liability, if any, is dependent on circumstances existing if and when remittance occurs.

Income tax payments were $507 million for 2015, $526 million for 2014 and $468 million for 2013.

Uncertain Tax Positions

The following table summarizes the activity related to the Company's unrecognized tax benefits for U.S. federal, state & non-U.S. tax jurisdictions for 2015, 2014 and 2013, without interest and penalties:

	2015	2014	2013
	(in millions)		
Gross Unrecognized Tax Benefits, as of the Beginning of the Fiscal Year	$193	$167	$185
Increases in Unrecognized Tax Benefits for Prior Years	8	16	39
Decreases in Unrecognized Tax Benefits for Prior Years	(3)	(14)	(54)
Increases in Unrecognized Tax Benefits as a Result of Current Year Activity	54	36	37
Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	—	(5)	(34)
Decreases to Unrecognized Tax Benefits as a Result of a Lapse of the Applicable Statute of Limitations	(4)	(7)	(6)
Gross Unrecognized Tax Benefits, as of the End of the Fiscal Year	$248	$193	$167

Of the $248 million, $193 million and $167 million of total unrecognized tax benefits at January 30, 2016, January 31, 2015, and February 1, 2014, respectively, approximately $217 million, $170 million and $143 million, respectively, represent the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. These amounts are net of the offsetting tax effects from other tax jurisdictions.

Of the total unrecognized tax benefits, it is reasonably possible that $178 million could change in the next 12 months due to audit settlements, expiration of statute of limitations or other resolution of uncertainties. Due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in amounts which could be different from this estimate. In such case, the Company will record additional tax expense or tax benefit in the period in which such matters are effectively settled.

The Company recognizes interest and penalties related to unrecognized tax benefits as components of income tax expense. The Company recognized interest and penalties expense of $7 million, $1 million and $4 million in 2015, 2014 and 2013, respectively. The Company has accrued approximately $38 million and $31 million for the payment of interest and penalties as of January 30, 2016 and January 31, 2015, respectively. Accrued interest and penalties are included within Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company files U.S. federal income tax returns as well as income tax returns in various states and in non-U.S. jurisdictions. At the end of 2015, the Company was subject to examination by the IRS for 2012 through 2014. The Company is also subject to various U.S. state and local income tax examinations for the years 2009 to 2014. Finally, the Company is subject to multiple non-U.S. tax jurisdiction examinations for the years 2005 to 2014. In some situations, the Company determines that it does not have a filing requirement in a particular tax jurisdiction. Where no return has been filed, no statute of limitations applies. Accordingly, if a tax jurisdiction reaches a conclusion that a filing requirement does exist, additional years may be reviewed by the tax authority. The Company believes it has appropriately accounted for uncertainties related to this issue.

10. Long-term Debt

The following table provides the Company's long-term debt balance, net of debt issuance costs and unamortized discounts, as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Senior Unsecured Debt with Subsidiary Guarantee		
$1 billion, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")	$ 988	$ —
$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 ("2022 Notes")	991	989
$1 billion, 6.625% Fixed Interest Rate Notes due April 2021 ("2021 Notes")	990	988
$500 million, 5.625% Fixed Interest Rate Notes due October 2023 ("2023 Notes")	496	496
$500 million, 8.50% Fixed Interest Rate Notes due June 2019 ("2019 Notes") (a)	493	496
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 ("2020 Notes")	396	395
Total Senior Unsecured Debt with Subsidiary Guarantee	$4,354	$3,364
Senior Unsecured Debt		
$700 million, 6.90% Fixed Interest Rate Notes due July 2017 ("2017 Notes") (b)	$ 715	$ 713
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")	348	348
$300 million, 7.60% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	297	297
Foreign Facilities	7	—
Total Senior Unsecured Debt	$1,367	$1,358
Total	$5,721	$4,722
Current Portion of Long-term Debt	(6)	—
Total Long-term Debt, Net of Current Portion	$5,715	$4,722

(a) The balance includes a fair value interest rate hedge adjustment which increased the debt balance by $2 million as of January 30, 2016 and $8 million as of January 31, 2015.
(b) The balance includes a fair value interest rate hedge adjustment which increased the debt balance by $16 million as of January 30, 2016 and $15 million as of January 31, 2015.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* The impact of the adoption of this standard is a decrease to Other Assets and Long-term Debt on the Consolidated Balance Sheets of $47 million as of January 30, 2016 and $43 million as of January 31, 2015. For additional information, see Note 2, "New Accounting Pronouncements."

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

Fiscal Year (in millions)	
2016	$ 6
2017	701
2018	—
2019	500
2020	400
Thereafter	4,150

Cash paid for interest was $317 million in 2015, $328 million in 2014 and $300 million in 2013.

Issuance of Notes

In October 2015, the Company issued $1 billion of 6.875% notes due in November 2035. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by certain of the Company's 100% owned subsidiaries (the "Guarantors"). The proceeds from the issuance were $988 million, which were net of issuance costs of $12 million. These issuance costs are being amortized through the maturity date of November 2035 and are included within Long-term Debt on the January 30, 2016 Consolidated Balance Sheet.

In October 2013, the Company issued $500 million of 5.625% notes due in October 2023. The 2023 Notes are jointly and severally guaranteed on a full and unconditional basis by the Guarantors. The proceeds from the issuance were $495 million, which were net of issuance costs of $5 million. These issuance costs are being amortized through the maturity date of October 2023 and are included within Long-term Debt on the Consolidated Balance Sheets.

Repayment of Notes

In November 2014, the Company repaid the remaining $213 million of its 5.25% Senior Unsecured Notes due November 2014 with cash on hand.

Revolving Facility

The Company maintains a secured revolving credit facility ("Revolving Facility"). The Revolving Facility has aggregate availability of $1 billion and expires July 18, 2019. The fees related to committed and unutilized amounts per year are 0.30% per annum, and the fees related to outstanding letters of credit are 1.50% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings or British pound borrowings is LIBOR plus 1.50%. The interest rate on outstanding Canadian dollar borrowings is CDOR plus 1.50% per annum.

In July 2014, the Company entered into an amendment and restatement ("Amendment") of its Revolving Facility. The Company incurred fees related to the Amendment of the Revolving Facility of $5 million, which were capitalized and are being amortized over the remaining term of the Revolving Facility.

The Revolving Facility contains fixed charge coverage and debt to EBITDA financial covenants. The Company is required to maintain a fixed charge coverage ratio of not less than 1.75 to 1.00 and a consolidated debt to consolidated EBITDA ratio not exceeding 4.00 to 1.00 for the most recent four-quarter period. In addition, the Revolving Facility provides that investments and restricted payments may be made, without limitation on amount, if (a) at the time of and after giving effect to such investment or restricted payment the ratio of consolidated debt to consolidated EBITDA for the most recent four-quarter period is less than 3.00 to 1.00 and (b) no default or event of default exists. As of January 30, 2016, the Company was in compliance with both of its financial covenants, and the ratio of consolidated debt to consolidated EBITDA was less than 3.00 to 1.00.

During the second quarter of 2014 and the third quarter of 2013, the Company borrowed and repaid $5 million and $290 million, respectively, under the Revolving Facility. The maximum daily amount outstanding at any point in time during the second quarter of 2014 and third quarter of 2013 was $5 million and $140 million, respectively.

As of January 30, 2016, there were no borrowings outstanding under the Revolving Facility.

The Revolving Facility supports the Company's letter of credit program. The Company had $8 million of outstanding letters of credit as of January 30, 2016 that reduce its remaining availability under the Revolving Facility.

In addition to the Revolving Facility the Company maintains various revolving and term loan bank facilities with availability totaling $35 million to support its foreign operations ("Foreign Facilities"). These Foreign Facilities mature between November 15, 2016 and July 30, 2017. The interest rates on outstanding borrowings are based upon the applicable benchmark rate for the currency of each borrowing.

During 2015, the Company borrowed $7 million under the Foreign Facilities. The maximum daily amount outstanding at any point in time during 2015 was $7 million. As of January 30, 2016, there were borrowings of $7 million outstanding under the Foreign Facilities.

Fair Value Interest Rate Swap Arrangements

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

11. Derivative Instruments

Foreign Exchange Risk

In January 2007, the Company entered into a series of cross-currency swaps related to approximately CAD$470 million of intercompany loans. These cross-currency swaps mitigate the exposure to fluctuations in the U.S. dollar-Canadian dollar exchange rate related to the Company's Canadian operations. The cross-currency swaps require the periodic exchange of fixed rate Canadian dollar interest payments for fixed rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S. dollar principal payments upon maturity. The cross-currency swap related to approximately CAD$170 million matures in January 2018 at the same time as the related loan and is designated as a cash flow hedge of foreign currency exchange risk. Changes in the U.S. dollar-Canadian dollar exchange rate and the related swap settlements result in reclassification of amounts from accumulated other comprehensive income to earnings to completely offset foreign currency transaction gains and losses recognized on the intercompany loans.

In November 2014, the Company terminated the cross-currency swap of CAD$200 million related to the intercompany loan maturing in January 2015 and January 2017. The Company paid $4 million to settle the swaps. This $4 million expense related to the settlement of the swaps, as well as the foreign currency gains on these intercompany loans of $6 million, were recognized in earnings in the fourth quarter of 2014.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as foreign exchange cash flow hedges as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Other Long-term Assets	$27	$21

The following table provides a summary of the pre-tax financial statement effect of the gains and losses on the Company's derivative instruments designated as foreign exchange cash flow hedges for 2015 and 2014:

	Location	2015	2014
		(in millions)	
Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss)	$ 6	$ 34
(Gain) Loss Reclassified from Accumulated Other Comprehensive Income (Loss) into Other Income (a)	Other Income	14	(60)

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

Interest Rate Risk

Interest Rate Designated Fair Value Hedges

In July 2014, the Company entered into interest rate swap arrangements related to $100 million of the outstanding 2017 Notes and $100 million of the outstanding 2019 Notes. In 2013, the Company entered into interest rate swap arrangements related to $200 million of the outstanding 2017 Notes and $200 million of the outstanding 2019 Notes. The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on LIBOR plus a fixed percentage.

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

In the past, the Company had entered into interest rate swap arrangements on the 2017 Notes. In 2012, the Company terminated these interest rate designated fair value hedges. The carrying values of the 2017 Notes include unamortized hedge settlements which are amortized as a reduction to interest expense through the maturity date of the Notes.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as interest rate fair value hedges as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Other Assets	$11	$12

12. Fair Value Measurements

The following table provides a summary of the principal value and fair value of long-term debt as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Principal Value	$5,750	$4,750
Fair Value (a)	6,209	5,305

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

The following table provides a summary of assets and liabilities measured in the consolidated financial statements at fair value on a recurring basis as of January 30, 2016 and January 31, 2015:

	Level 1	Level 2	Level 3	Total
		(in millions)		
As of January 30, 2016				
Assets:				
Cash and Cash Equivalents	$2,548	$—	$—	$2,548
Marketable Securities	22	—	—	22
Interest Rate Designated Fair Value Hedges	—	11	—	11
Cross-currency Cash Flow Hedges	—	27	—	27
As of January 31, 2015				
Assets:				
Cash and Cash Equivalents	$1,681	$—	$—	$1,681
Interest Rate Designated Fair Value Hedges	—	12	—	12
Cross-currency Cash Flow Hedges	—	21	—	21
Liabilities:				
Lease Guarantees	—	—	1	1

The Company's Level 1 fair value measurements use unadjusted quoted prices in active markets for identical assets. In 2015, the Company invested in marketable equity securities. These securities are classified as Level 1 fair value measurements as they are traded with sufficient frequency and volume to enable the Company to obtain pricing information on an ongoing basis.

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

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

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

The following table provides a reconciliation of the Company's lease guarantees measured at fair value on a recurring basis using unobservable inputs (Level 3) for 2015 and 2014:

	2015	2014
	(in millions)	
Beginning Balance	$ 1	$ 1
Change in Estimated Fair Value Reported in Earnings	(1)	—
Ending Balance	$—	$ 1

The Company's lease guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of certain businesses. The fair value of these lease guarantees is impacted by economic conditions, probability of rent obligation payments, period of obligation as well as the discount rate utilized. For additional information, see Note 15, "Commitments and Contingencies."

13. Comprehensive Income

Comprehensive Income includes gains and losses on derivative instruments, unrealized holding gains and losses on marketable securities classified as available-for-sale and foreign currency translation adjustments. The cumulative gains and losses on these items are included in Accumulated Other Comprehensive Income in the Consolidated Balance Sheets and Consolidated Statements of Shareholders' Equity (Deficit).

The following table provides the rollforward of accumulated other comprehensive income for 2015:

	Foreign Currency Translation	Cash Flow Hedges	Marketable Securities	Accumulated Other Comprehensive Income
	(in millions)			
Balance as of January 31, 2015	$ 51	$(16)	$—	$35
Other Comprehensive Income (Loss) Before Reclassifications	(23)	6	8	(9)
Amounts Reclassified from Accumulated Other Comprehensive Income	—	14	—	14
Current-period Other Comprehensive Income (Loss)	(23)	20	8	5
Balance as of January 30, 2016	$ 28	$ 4	$ 8	$40

The following table provides the rollforward of accumulated other comprehensive income for 2014:

	Foreign Currency Translation	Cash Flow Hedges	Marketable Securities	Accumulated Other Comprehensive Income
	(in millions)			
Balance as of February 1, 2014	$30	$ 10	$—	$ 40
Other Comprehensive Income (Loss) Before Reclassifications	21	34	—	55
Amounts Reclassified from Accumulated Other Comprehensive Income	—	(60)	—	(60)
Current-period Other Comprehensive Income (Loss)	21	(26)	—	(5)
Balance as of January 31, 2015	$51	$(16)	$—	$ 35

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

The following table provides a summary of the reclassification adjustments out of accumulated other comprehensive income for 2015:

Details About Accumulated Other Comprehensive Income Components	Amounts Reclassified from Accumulated Other Comprehensive Income		Location on Consolidated Statements of Income
	2015	2014	
	(in millions)		
Cash Flow Hedges	$14	$(60)	Other Income
	—	—	Provision for Income Taxes
	$14	$(60)	Net Income

14. Leases

The Company is committed to noncancelable leases with remaining terms generally from one to 10 years. A substantial portion of the Company's leases consist of store leases generally with an initial term of 10 years. Annual store rent consists of a fixed minimum amount and/or contingent rent based on a percentage of sales exceeding a stipulated amount. Store lease terms generally require additional payments covering certain operating costs such as common area maintenance, utilities, insurance and taxes. These additional payments are excluded from the table below.

The following table provides rent expense for 2015, 2014 and 2013:

	2015	2014	2013
	(in millions)		
Store Rent:			
Fixed Minimum	$535	$516	$482
Contingent	73	63	59
Total Store Rent	608	579	541
Office, Equipment and Other	77	68	72
Gross Rent Expense	685	647	613
Sublease Rental Income	(2)	(2)	(2)
Total Rent Expense	$683	$645	$611

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

Fiscal Year (in millions) (a)	
2016	$ 640
2017	625
2018	546
2019	500
2020	472
Thereafter	1,970

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

15. Commitments and Contingencies

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

Guarantees

In connection with the disposition of certain businesses, the Company has remaining guarantees of approximately $24 million related to lease payments of Express, Limited Stores and Dick's Sporting Goods under the current terms of noncancelable leases expiring at various dates through 2021. These guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of the businesses. In certain instances, the Company's guarantee may remain in effect if the term of a lease is extended.

The Company's guarantees related to Express and Limited Stores required fair value accounting in accordance with GAAP in effect at the time of these divestitures. The Company's guarantees related to Dick's Sporting Goods were not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on GAAP in effect at the time of that divestiture. A liability of $1 million was recorded for these guarantees as of January 31, 2015, and is included in Other Long-term Liabilities on the Consolidated Balance Sheet. The Company had no liability recorded with respect to any of these guarantee obligations as of January 30, 2016 as it concluded that payments under these guarantees were not probable.

In 2015, in connection with the Company's investment in ETC, the Company provided a guarantee of payment to an interest rate swap counterparty for amounts owed by ETC, if any, upon settlement in February 2017. The Company has not recorded a liability with respect to this guarantee obligation as it concluded that payment under this guarantee was not probable as of January 30, 2016. For additional information, see Note 7, "Equity Investments and Other."

In 2015, in connection with the sale and leaseback under noncancellable operating leases of certain assets, the Company provided residual value guarantees to the lessor if the leased assets cannot be sold for an amount in excess of a specified minimum value at the conclusion of the lease term. The leases expire in 2020, and the total amount of the guarantees is approximately $105 million. The Company recorded a liability of $3 million related to these guarantee obligations as of January 30, 2016, included in Other Long-term Liabilities on the Consolidated Balance Sheet.

16. Retirement Benefits

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

The qualified plan permits participating associates to elect contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associate contributions and Company matching contributions vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service. Total expense recognized related to the qualified plan was $64 million for 2015, $59 million for 2014 and $56 million for 2013.

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

The following table provides the Company's annual activity for this plan and year-end liability, included in Other Long-term Liabilities on the Consolidated Balance Sheets, as of January 30, 2016 and January 31, 2015:

	January 30, 2016	January 31, 2015
	(in millions)	
Balance at Beginning of Year	$257	$243
Contributions:		
Associate	15	10
Company	17	10
Interest	13	14
Distributions	(28)	(20)
Balance at End of Year	$274	$257

Total expense recognized related to the non-qualified plan was $30 million for 2015, $24 million for 2014 and $22 million for 2013.

17. Shareholders' Equity (Deficit)

Common Stock Repurchases

Under the authority of the Company's Board of Directors, the Company repurchased shares of its common stock under the following repurchase programs during the fiscal years 2015, 2014 and 2013:

Repurchase Program	Amount Authorized	Shares Repurchased			Amount Repurchased			Average Stock Price of Shares Repurchased within Program
		2015	2014	2013	2015	2014	2013	
	(in millions)	(in thousands)			(in millions)			
June 2015	$250	2,680	NA	NA	$233	NA	NA	$87.06
February 2015	250	2,788	NA	NA	250	NA	NA	$89.45
November 2012	250	NA	1,317	1,377	NA	$ 84	$ 63	$54.02
Total		5,468	1,317	1,377	$483	$ 84	$ 63	

In June 2015, the Company's Board of Directors approved a new $250 million share repurchase program, which included the $0.6 million remaining under the February 2015 repurchase program.

In February 2015, the Company's Board of Directors approved a $250 million share repurchase program, which included the $91 million remaining under the November 2012 repurchase program.

There were no share repurchases reflected in Accounts Payable on the January 30, 2016 or January 31, 2015 Consolidated Balance Sheets.

Subsequent to January 30, 2016, the Company's Board of Directors approved a new $500 million share repurchase program, which included the $17 million remaining under the June 2015 repurchase program. The Company repurchased an additional 2.5 million shares of common stock for $211 million under the February 2016 repurchase program subsequent to January 30, 2016.

Dividends

Under the authority and declaration of the Board of Directors, the Company paid the following dividends during the fiscal years 2015, 2014 and 2013:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2015				
Fourth Quarter	$0.50	$ —	$0.50	$ 145
Third Quarter	0.50	—	0.50	146
Second Quarter	0.50	—	0.50	146
First Quarter	0.50	2.00	2.50	734
2015 Total	$2.00	$2.00	$4.00	$1,171
2014				
Fourth Quarter	$0.34	$ —	$0.34	$ 100
Third Quarter	0.34	—	0.34	100
Second Quarter	0.34	—	0.34	99
First Quarter	0.34	1.00	1.34	392
2014 Total	$1.36	$1.00	$2.36	$ 691
2013				
Fourth Quarter	$0.30	$ —	$0.30	$ 88
Third Quarter	0.30	—	0.30	87
Second Quarter	0.30	—	0.30	87
First Quarter	0.30	—	0.30	87
2013 Total	$1.20	$ —	$1.20	$ 349

Subsequent to January 30, 2016, the Board of Directors declared an increase in the first quarter 2016 ordinary dividend from $0.50 to $0.60 per share and a special dividend of $2 per share. Both dividends, totaling $748 million, were paid on March 4, 2016 to shareholders of record at the close of business on February 19, 2016.

18. Share-based Compensation

Plan Summary

In 2015, the Company's shareholders approved the 2015 Stock Option and Performance Incentive Plan ("2015 Plan"). The 2015 Plan replaces the 2011 Stock Option and Performance Incentive Plan. The 2015 plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance-based restricted stock, performance units and unrestricted shares. The Company grants stock options at a price equal to the fair market value of the stock on the date of grant. Stock options have a maximum term of 10 years. Stock options generally vest ratably over 3 to 5 years. Restricted stock generally vests (the restrictions lapse) at the end of a three-year period or on a graded basis over a five-year period.

Under the Company's plans, approximately 156 million options, restricted and unrestricted shares have been authorized to be granted to employees and directors. Approximately 17 million options and shares were available for grant as of January 30, 2016.

From time to time the Company's Board of Directors will declare special dividends. For additional information, see Note 17, "Shareholders' Equity (Deficit)." In accordance with the anti-dilutive provisions of the stock plan, in these circumstances the Company adjusts both the exercise price and the number of share-based awards outstanding as of the record date of the special dividends. The aggregate fair value, the aggregate intrinsic value and the ratio of the exercise price to the market price are approximately equal immediately before and after the adjustments. Therefore, no compensation expense is recognized.

Stock Options

The following table provides the Company's stock option activity for the fiscal year ended January 30, 2016:

	Number of Shares	Weighted Average Option Price Per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Outstanding as of January 31, 2015	5,773	$34.93		
Granted	797	93.40		
Exercised	(1,060)	32.83		
Cancelled	(146)	58.53		
Adjustment for Special Dividend	127			
Outstanding as of January 30, 2016	5,491	$42.40	6.03	$295,190
Vested and Expected to Vest as of January 30, 2016 (a)	5,353	41.60	5.96	292,021
Options Exercisable as of January 30, 2016	2,897	24.16	4.25	208,534

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

Intrinsic value for stock options is the difference between the current market value of the Company's stock and the option strike price. The total intrinsic value of options exercised was $63 million for 2015, $52 million for 2014 and $69 million for 2013.

The total fair value at grant date of option awards vested was $11 million for 2015 and 2014 and $10 million for 2013.

The Company's total unrecognized compensation cost, net of estimated forfeitures, related to nonvested options was $19 million as of January 30, 2016. This cost is expected to be recognized over a weighted-average period of 3.0 years.

The weighted-average estimated fair value of stock options granted was $15.27 per share for 2015, $11.74 per share for 2014 and $9.71 per share for 2013.

Cash received from stock options exercised was $33 million for 2015, $35 million for 2014 and $32 million for 2013. Tax benefits realized from tax deductions associated with stock options exercised were $20 million for 2015, $21 million for 2014 and $14 million for 2013.

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

The following table contains the weighted-average assumptions used during 2015, 2014 and 2013:

	2015	2014	2013
Expected Volatility	26%	30%	35%
Risk-free Interest Rate	1.1%	1.4%	0.8%
Dividend Yield	2.7%	3.0%	3.4%
Expected Life (in years)	4.5	4.6	4.7

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

Restricted Stock

The following table provides the Company's restricted stock activity for the fiscal year ended January 30, 2016:

	Number of Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested as of January 31, 2015	6,773	$41.06
Granted	1,488	85.61
Vested	(2,342)	34.01
Cancelled	(277)	57.88
Adjustment for Special Dividend	149	N/A
Unvested as of January 30, 2016	5,791	54.41

The Company's total intrinsic value of restricted stock vested was $217 million for 2015, $128 million for 2014 and $106 million for 2013.

The Company's total fair value at grant date of awards vested was $80 million for 2015, $56 million for 2014 and $40 million for 2013. Fair value of restricted stock awards is based on the market value of an unrestricted share on the grant date adjusted for anticipated dividend yields.

As of January 30, 2016, there was $129 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted stock. That cost is expected to be recognized over a weighted-average period of 2.7 years.

Tax benefits realized from tax deductions associated with restricted stock vested were $82 million for 2015, $46 million for 2014 and $40 million for 2013.

Income Statement Impact

The following table provides share-based compensation expense included in the Consolidated Statements of Income for 2015, 2014 and 2013:

	2015	2014	2013
	(in millions)		
Costs of Goods Sold, Buying and Occupancy	$27	$24	$22
General, Administrative and Store Operating Expenses	70	66	63
Total Share-based Compensation Expense	$97	$90	$85

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

The tax benefit associated with recognized share-based compensation expense was $33 million for 2015, $30 million for 2014 and $29 million for 2013.

19. Segment Information

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

The Victoria's Secret segment sells women's intimate and other apparel, personal care and beauty products under the Victoria's Secret and PINK brand names. Victoria's Secret merchandise is sold through retail stores located in the U.S. and Canada and its website, *www.VictoriasSecret.com*.

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

The Victoria's Secret and Bath & Body Works International segment includes the Victoria's Secret and Bath & Body Works company-owned and partner-operated stores located outside of the U.S. and Canada. These businesses include the following:

- Victoria's Secret Beauty and Accessories stores operated by partners under franchise, license and wholesale arrangements, which feature Victoria's Secret branded beauty and accessories products;
- Victoria's Secret International stores, comprised of company-owned stores in the U.K., as well as stores operated by partners under franchise, license and wholesale arrangements; and
- Bath & Body Works International stores operated by partners under franchise, license and wholesale arrangements.

Other consists of the following:

- Mast Global, a merchandise sourcing and production function serving the Company and its international partners;
- La Senza, comprised of company-owned stores in Canada, as well as stores operated by partners under franchise, license and wholesale arrangements, which feature women's intimate apparel;
- Henri Bendel, operator of 29 specialty stores, which feature handbags, jewelry and other accessory products; and
- Corporate functions including non-core real estate, equity investments and other governance functions such as treasury and tax.

The following table provides the Company's segment information as of and for the fiscal years ended January 30, 2016, January 31, 2015 and February 1, 2014:

	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
			(in millions)		
January 30, 2016					
Net Sales	$7,672	$3,587	$385	$ 510	$12,154
Depreciation and Amortization	218	70	16	111	415
Operating Income (Loss)	1,391	858	88	(145)	2,192
Total Assets (a)	3,163	1,556	436	3,338	8,493
Capital Expenditures	411	166	33	117	727
January 31, 2015					
Net Sales	$7,207	$3,350	$336	$ 561	$11,454
Depreciation and Amortization	198	65	16	119	398
Operating Income (Loss)	1,271	737	78	(133)	1,953
Total Assets (a) (b)	2,950	1,365	369	2,792	7,476
Capital Expenditures	446	77	37	155	715
February 1, 2014					
Net Sales	$6,884	$3,118	$222	$ 549	$10,773
Depreciation and Amortization	175	65	9	119	368
Operating Income (Loss)	1,153	648	38	(96)	1,743
Total Assets (a) (b)	2,811	1,369	290	2,658	7,128
Capital Expenditures	444	80	33	134	691

(a) Assets are allocated to the operating segments based on decision making authority relevant to the applicable assets.

(b) Amounts have been recast to reflect the retrospective application of ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* and ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. For additional information, see Note 2, "New Accounting Pronouncements."

The Company's international sales include sales from company-owned stores, royalty revenue from franchise and license arrangements, wholesale revenues and direct sales shipped internationally. Certain of these sales are subject to the impact of fluctuations in foreign currency. The Company's international sales across all segments totaled $1.314 billion in 2015, $1.349 billion in 2014 and $1.212 billion in 2013. The Company's internationally based long-lived assets were $319 million as of January 30, 2016 and $293 million as of January 31, 2015.

20. Quarterly Financial Data (Unaudited)

The following table provides summarized quarterly financial data for 2015:

	Fiscal Quarter Ended			
	May 2, 2015 (a)	August 1, 2015	October 31, 2015	January 30, 2016
	(in millions except per share data)			
Net Sales	$2,512	$2,765	$2,482	$4,395
Gross Profit	1,056	1,114	1,031	2,002
Operating Income	372	403	339	1,078
Income Before Income Taxes	369	323	260	982
Net Income	250	202	164	636
Net Income Per Basic Share (b)	$ 0.86	$ 0.69	$ 0.56	$ 2.19
Net Income Per Diluted Share (b)	$ 0.84	$ 0.68	$ 0.55	$ 2.15

(a) Includes the effect of a pre-tax gain of $78 million ($69 million net of tax) included in other income, related to the sale of our remaining interest in the third-party apparel sourcing business.

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

The following table provides summarized quarterly financial data for 2014:

	Fiscal Quarter Ended			
	May 3, 2014	August 2, 2014	November 1, 2014	January 31, 2015
	(in millions except per share data)			
Net Sales	$2,391	$2,675	$2,319	$4,069
Gross Profit	982	1,044	947	1,835
Operating Income	336	376	284	957
Income Before Income Taxes	255	296	205	880
Net Income	157	188	132	565
Net Income Per Basic Share (a)	$ 0.54	$ 0.65	$ 0.45	$ 1.93
Net Income Per Diluted Share (a)	$ 0.53	$ 0.63	$ 0.44	$ 1.89

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

21. Code of Conduct, Related Person Transaction Policy and Associated Matters

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

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

The Company is engaged in several projects designed to increase its speed and agility in producing products that satisfy its customers. In the case of its beauty, personal care and home fragrance businesses, the development of supplier facilities in close proximity to its headquarters and distribution facilities in central Ohio has been an integral part of capturing the many business benefits of speed and agility. The New Albany Company ("NACO"), a business beneficially owned by Mr. and Mrs. Wexner, is in the business of developing real estate, including industrial parks, and has sold land (and may in the future sell land) to certain vendors or third party developers in connection with the continuing development of an industrial park focused on the foregoing business categories (the "Beauty Park") in New Albany, Ohio. The Audit Committee monitors such vendor and third party transactions on an ongoing basis to assure that they are in the best interests of the Company and its stockholders generally.

In light of the Company's highly favorable experience with vendors at the Beauty Park and its growth plans for the beauty, personal care and home fragrance businesses, the Company believes that certain new facilities required to achieve such projected growth should be located as close as possible to the Beauty Park. The Company identified certain land owned by NACO that, together with certain other adjacent parcels owned by a number of third parties in immediate proximity to the Beauty Park, would be desirable for the Company to acquire for future growth. Because of the Wexners' interest in NACO, the matter was referred to, and evaluated and negotiated by, the Audit Committee in accordance with the Policy. In 2014, the Audit Committee negotiated the purchase of certain NACO land for approximately $21 million, and the assumption from NACO of contracts to purchase certain adjacent parcels directly from third parties for approximately $7 million, and determined that these transactions were fair to and in the best interests of the Company and its stockholders generally. In 2015, certain additional property immediately adjacent to the foregoing parcels became available, and the Company believed that it would be desirable to acquire such property for future growth. This potential transaction was also referred to the Audit Committee for evaluation and, if appropriate, negotiation. The Audit Committee subsequently negotiated with NACO the purchase of such property for approximately $5.3 million, and an existing building located in New Albany that was historically associated with the Bath & Body Works brand for approximately $250,000, and determined that these transactions were fair to and in the best interests of the Company and its stockholders generally. The determinations made by the Audit Committee in 2014 and 2015 under the Policy with respect to these transactions between the Company and NACO were made in reliance on, among other things, advice from independent counsel and real estate appraisers and advisors, including opinions received from an independent financial advisor with specialized expertise in commercial real estate that such transactions were fair to the Company from a financial point of view.

22. Subsequent Events

Subsequent to January 30, 2016, the Company's Board of Directors approved a new $500 million share repurchase program, which included the $17 million remaining under the June 2015 repurchase program. The Company repurchased an additional 2.5 million shares of common stock for $211 million under the February 2016 repurchase program subsequent to January 30, 2016. Additionally, the Company declared the first quarter 2016 ordinary dividend of $0.60 per share and a special dividend of $2 per share. The dividends totaled $748 million. For additional information, see Note 17, "Shareholders' Equity (Deficit)."

23. Supplemental Guarantor Financial Information

The Company's 2019 Notes, 2020 Notes, 2021 Notes, 2022 Notes, 2023 Notes and 2035 Notes are jointly and severally guaranteed on a full and unconditional basis by the Guarantors. The Company is a holding company, and its most significant assets are the stock of its subsidiaries. The Guarantors represent: (a) substantially all of the sales of the Company's domestic subsidiaries, (b) more than 90% of the assets owned by the Company's domestic subsidiaries, other than real property, certain other assets and intercompany investments and balances, and (c) more than 95% of the accounts receivable and inventory directly owned by the Company's domestic subsidiaries.

The following supplemental financial information sets forth for the Company and its guarantor and non-guarantor subsidiaries: the Condensed Consolidating Balance Sheets as of January 30, 2016 and January 31, 2015 and the Condensed Consolidating Statements of Income, Comprehensive Income and Cash Flows for the years ended January 30, 2016, January 31, 2015 and February 1, 2014. The Company adopted ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* and ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes,* effective January 30, 2016. As such, amounts for all periods presented have been recast to include the retrospective application of these standards. For additional information, see Note 2, "New Accounting Pronouncements."

L BRANDS, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

(in millions)

	January 30, 2016				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ —	$ 2,190	$ 358	$ —	$2,548
Accounts Receivable, Net	1	202	58	—	261
Inventories	—	978	144	—	1,122
Other	—	115	110	—	225
Total Current Assets	1	3,485	670	—	4,156
Property and Equipment, Net	—	1,574	756	—	2,330
Goodwill	—	1,318	—	—	1,318
Trade Names and Other Intangible Assets, Net	—	411	—	—	411
Net Investments in and Advances to/from Consolidated Affiliates	5,368	13,649	1,242	(20,259)	—
Deferred Income Taxes	—	11	19	—	30
Other Assets	141	40	679	(612)	248
Total Assets	$5,510	$20,488	$3,366	$(20,871)	$8,493
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ —	$ 333	$ 335	$ —	$ 668
Accrued Expenses and Other	100	519	358	—	977
Current Portion of Long-term Debt	—	—	6	—	6
Income Taxes	(3)	237	(10)	—	224
Total Current Liabilities	97	1,089	689	—	1,875
Deferred Income Taxes	(3)	(86)	346	—	257
Long-term Debt	5,714	597	1	(597)	5,715
Other Long-term Liabilities	—	670	248	(14)	904
Total Equity (Deficit)	(298)	18,218	2,082	(20,260)	(258)
Total Liabilities and Equity (Deficit)	$5,510	$20,488	$3,366	$(20,871)	$8,493

L BRANDS, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

(in millions)

	January 31, 2015				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ —	$ 1,462	$ 219	$ —	$1,681
Accounts Receivable, Net	1	197	54	—	252
Inventories	—	919	117	—	1,036
Other	—	146	84	—	230
Total Current Assets	1	2,724	474	—	3,199
Property and Equipment, Net	—	1,385	892	—	2,277
Goodwill	—	1,318	—	—	1,318
Trade Names and Other Intangible Assets, Net	—	411	—	—	411
Net Investments in and Advances to/from Consolidated Affiliates	4,635	14,003	1,405	(20,043)	—
Deferred Income Taxes	—	9	15	—	24
Other Assets	145	30	682	(610)	247
Total Assets	$4,781	$19,880	$3,468	$(20,653)	$7,476
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ —	$ 300	$ 313	$ —	$ 613
Accrued Expenses and Other	83	495	322	—	900
Income Taxes	(4)	183	(13)	—	166
Total Current Liabilities	79	978	622	—	1,679
Deferred Income Taxes	(4)	(62)	302	—	236
Long-term Debt	4,722	597	—	(597)	4,722
Other Long-term Liabilities	—	609	224	(13)	820
Total Equity (Deficit)	(16)	17,758	2,320	(20,043)	19
Total Liabilities and Equity (Deficit)	$4,781	$19,880	$3,468	$(20,653)	$7,476

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2015				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$11,475	$ 3,570	$(2,891)	$12,154
Costs of Goods Sold, Buying and Occupancy	—	(6,843)	(2,858)	2,751	(6,950)
Gross Profit	—	4,632	712	(140)	5,204
General, Administrative and Store Operating Expenses	(12)	(2,688)	(440)	128	(3,012)
Operating Income (Loss)	(12)	1,944	272	(12)	2,192
Interest Expense	(334)	(38)	(9)	47	(334)
Other Income	—	5	71	—	76
Income (Loss) Before Income Taxes	(346)	1,911	334	35	1,934
Provision (Benefit) for Income Taxes	(2)	478	205	—	681
Equity in Earnings, Net of Tax	1,597	94	348	(2,039)	—
Net Income (Loss)	$1,253	$ 1,527	$ 477	$(2,004)	$ 1,253

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

(in millions)

	2015				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$1,253	$1,527	$477	$(2,004)	$1,253
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	14	—	14
Foreign Currency Translation	—	—	(23)	—	(23)
Unrealized Gain on Cash Flow Hedges	—	—	6	—	6
Unrealized Gain on Marketable Securities	—	—	8	—	8
Total Other Comprehensive Income (Loss), Net of Tax	—	—	5	—	5
Total Comprehensive Income	$1,253	$1,527	$482	$(2,004)	$1,258

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$10,711	$ 3,343	$(2,600)	$11,454
Costs of Goods Sold, Buying and Occupancy	—	(6,449)	(2,611)	2,414	(6,646)
Gross Profit	—	4,262	732	(186)	4,808
General, Administrative and Store Operating Expenses	(6)	(2,538)	(446)	135	(2,855)
Operating Income (Loss)	(6)	1,724	286	(51)	1,953
Interest Expense	(324)	(35)	(9)	44	(324)
Other Income	1	—	6	—	7
Income (Loss) Before Income Taxes	(329)	1,689	283	(7)	1,636
Provision (Benefit) for Income Taxes	(3)	385	212	—	594
Equity in Earnings, Net of Tax	1,368	46	316	(1,730)	—
Net Income (Loss)	$1,042	$ 1,350	$ 387	$(1,737)	$ 1,042

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

(in millions)

	2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$1,042	$1,350	$387	$(1,737)	$1,042
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	(60)	—	(60)
Foreign Currency Translation	—	—	21	—	21
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	34	—	34
Total Other Comprehensive Income (Loss), Net of Tax	—	—	(5)	—	(5)
Total Comprehensive Income	$1,042	$1,350	$382	$(1,737)	$1,037

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF INCOME

(in millions)

	2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$10,047	$ 3,190	$(2,464)	$10,773
Costs of Goods Sold, Buying and Occupancy	—	(6,096)	(2,598)	2,350	(6,344)
Gross Profit	—	3,951	592	(114)	4,429
General, Administrative and Store Operating Expenses	(5)	(2,403)	(394)	116	(2,686)
Operating Income (Loss)	(5)	1,548	198	2	1,743
Interest Expense	(314)	(28)	(11)	39	(314)
Other Income	—	—	17	—	17
Income (Loss) Before Income Taxes	(319)	1,520	204	41	1,446
Provision (Benefit) for Income Taxes	—	305	238	—	543
Equity in Earnings, Net of Tax	1,222	118	462	(1,802)	—
Net Income (Loss)	$ 903	$ 1,333	$ 428	$(1,761)	$ 903

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

(in millions)

	2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$903	$1,333	$428	$(1,761)	$903
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	(50)	—	(50)
Foreign Currency Translation	—	—	40	—	40
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	46	—	46
Total Other Comprehensive Income (Loss), Net of Tax	—	—	36	—	36
Total Comprehensive Income	$903	$1,333	$464	$(1,761)	$939

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2015				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ (322)	$1,835	$ 356	$ —	$ 1,869
Investing Activities:					
Capital Expenditures	—	(506)	(221)	—	(727)
Proceeds from Sale of Assets	—	—	196	—	196
Proceeds from Divestiture of Third-party Apparel Sourcing Business	—	1	84	—	85
Proceeds from Sale of Marketable Securities	—	50	—	—	50
Purchases of Marketable Securities	—	(50)	(10)	—	(60)
Other Investing Activities	—	—	13	—	13
Net Cash Used for Investing Activities	—	(505)	62	—	(443)
Financing Activities:					
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	988	—	—	—	988
Borrowings from Revolving Facilities	—	—	7	—	7
Repurchase of Common Stock	(483)	—	—	—	(483)
Dividends Paid	(1,171)	—	—	—	(1,171)
Excess Tax Benefits from Share-based Compensation	—	62	8	—	70
Net Financing Activities and Advances to/from Consolidated Affiliates	955	(662)	(293)	—	—
Proceeds From Exercise of Stock Options	33	—	—	—	33
Financing Costs and Other	—	(2)	—	—	(2)
Net Cash Provided by (Used for) Financing Activities	322	(602)	(278)	—	(558)
Effects of Exchange Rate Changes on Cash	—	—	(1)	—	(1)
Net Increase in Cash and Cash Equivalents	—	728	139	—	867
Cash and Cash Equivalents, Beginning of Year	—	1,462	219	—	1,681
Cash and Cash Equivalents, End of Year	$ —	$2,190	$ 358	$ —	$ 2,548

Form 10-K

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ (333)	$ 1,677	$ 442	$ —	$1,786
Investing Activities:					
Capital Expenditures	—	(486)	(229)	—	(715)
Other Investing Activities	—	(1)	17	—	16
Net Cash Used for Investing Activities	—	(487)	(212)	—	(699)
Financing Activities:					
Payments of Long-term Debt	(213)	—	—	—	(213)
Borrowings from Revolving Facilities	—	—	5	—	5
Repayments on Revolving Facilities	—	—	(5)	—	(5)
Repurchase of Common Stock	(87)	—	—	—	(87)
Dividends Paid	(691)	—	—	—	(691)
Excess Tax Benefits from Share-based Compensation	—	37	6	—	43
Net Financing Activities and Advances to/from Consolidated Affiliates	1,295	(1,118)	(177)	—	—
Proceeds From Exercise of Stock Options	35	—	—	—	35
Financing Costs and Other	(6)	—	—	—	(6)
Net Cash Provided by (Used for) Financing Activities	333	(1,081)	(171)	—	(919)
Effects of Exchange Rate Changes on Cash	—	—	(6)	—	(6)
Net Increase (Decrease) in Cash and Cash Equivalents	—	109	53	—	162
Cash and Cash Equivalents, Beginning of Year	—	1,353	166	—	1,519
Cash and Cash Equivalents, End of Year	$ —	$ 1,462	$ 219	$ —	$1,681

L BRANDS, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(in millions)

	2013				
	L Brands, Inc.	**Guarantor Subsidiaries**	**Non-guarantor Subsidiaries**	**Eliminations**	**Consolidated L Brands, Inc.**
Net Cash Provided by (Used for) Operating Activities	$(302)	$1,323	$ 227	$ —	$1,248
Investing Activities:					
Capital Expenditures	—	(475)	(216)	—	(691)
Return of Capital from Third-party Apparel Sourcing Business Investment	—	—	46	—	46
Other Investing Activities	—	—	(10)	—	(10)
Net Cash Used for Investing Activities	—	(475)	(180)	—	(655)
Financing Activities:					
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	495	—	—	—	495
Borrowings from Revolving Facilities	290	—	—	—	290
Repayments on Revolving Facilities	(290)	—	—	—	(290)
Repurchase of Common Stock	(60)	—	—	—	(60)
Dividends Paid	(349)	—	—	—	(349)
Excess Tax Benefits from Share-based Compensation	—	31	5	—	36
Net Financing Activities and Advances to/from Consolidated Affiliates	184	57	(241)	—	—
Proceeds From Exercise of Stock Options	32	—	—	—	32
Net Cash Provided by (Used for) Financing Activities	302	88	(236)	—	154
Effects of Exchange Rate Changes on Cash	—	—	(1)	—	(1)
Net Increase (Decrease) in Cash and Cash Equivalents	—	936	(190)	—	746
Cash and Cash Equivalents, Beginning of Year	—	417	356	—	773
Cash and Cash Equivalents, End of Year	$ —	$1,353	$ 166	$ —	$1,519

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

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

Management's Report on Internal Control Over Financial Reporting. Management's Report on Internal Control Over Financial Reporting as of January 30, 2016 is set forth in Item 8. Financial Statements and Supplementary Data.

Attestation Report of the Registered Public Accounting Firm. The Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting as of January 30, 2016 is set forth in Item 8. Financial Statements and Supplementary Data.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting that occurred in the fourth quarter 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

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

ITEM 11. EXECUTIVE COMPENSATION.

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

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

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

The following table summarizes share and exercise price information about L Brands’ equity compensation plans as of January 30, 2016.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	11,989,870	$42.40(2)	16,690,069
Equity compensation plans not approved by security holders	—	—	—
Total	11,989,870	$42.40	16,690,069

(1) Includes the following plans: L Brands, Inc. 2015 Stock Option and Performance Incentive Plan, L Brands, Inc. 2011 Stock Option and Performance Incentive Plan and L Brands, Inc. 1993 Stock Option and Performance Incentive Plan (2009 Restatement). There are no shares remaining available for grant under the 2011 Plan or 1993 Plan.

(2) Does not include outstanding rights to receive Common Stock upon the vesting of restricted share awards or settlement of deferred stock units.

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information regarding principal accountant fees and services is set forth under the captions “INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS—Audit Fees”, “—Audit Related Fees”, “—Tax Fees”, “—All Other Fees” and “—Pre-approval Policies and Procedures” in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Consolidated Financial Statements

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

Management's Report on Internal Control Over Financial Reporting

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

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

Consolidated Statements of Income for the Years Ended January 30, 2016, January 31, 2015 and February 1, 2014

Consolidated Statements of Comprehensive Income for the Years Ended January 30, 2016, January 31, 2015 and February 1, 2014

Consolidated Balance Sheets as of January 30, 2016 and January 31, 2015

Consolidated Statements of Total Equity (Deficit) for the Years Ended January 30, 2016, January 31, 2015 and February 1, 2014

Consolidated Statements of Cash Flows for the Years Ended January 30, 2016, January 31, 2015 and February 1, 2014

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

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

(3) List of Exhibits

3. Articles of Incorporation and Bylaws.

3.1 Restated Certificate of Incorporation of the Company incorporated by reference to Exhibit 3.1 to the Company's Form 10-K dated February 1, 2014.

3.2 Amended and Restated Bylaws of the Company incorporated by reference to Exhibit 3.2 to the Company's Form 8-K dated March 22, 2013.

4. Instruments Defining the Rights of Security Holders.

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

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

4.3 Proposed form of Debt Warrant Agreement for Warrants not attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.3 to the 1993 Form S-3.

4.4 Indenture, dated as of February 19, 2003 between the Company and The Bank of New York, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-4 (File No. 333-104633) dated April 18, 2003.

4.5 First Supplemental Indenture dated as of May 31, 2005 among the Company, The Bank of New York and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4.1.2 to the Company's Registration Statement on Form S-3 (Reg. No. 333-125561) filed June 6, 2005.

4.6 Second Supplemental Indenture dated as of July 17, 2007 between the Company and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4.1.4 to the Company's Registration Statement on Form S-3 (Reg. No. 333-146420) filed October 1, 2007.

4.7 Indenture, dated as of June 19, 2009, among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated June 24, 2009.

4.8 Registration Rights Agreement, dated as of June 19, 2009, among the Company, the guarantors named therein and JP Morgan Securities Inc., as representative of the initial purchasers, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 24, 2009.

4.9 Third Supplemental Indenture dated as of May 4, 2010 between the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.4 to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on November 5, 2010.

4.10 Fourth Supplemental Indenture dated as of January 29, 2011 between the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.5 to the post-effective amendment to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on March 22, 2011.

4.11 Form of Fifth Supplemental Indenture dated as of March 25, 2011 between the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.6 to the post-effective amendment to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on March 22, 2011.

4.12 Sixth Supplemental Indenture dated as of February 7, 2012 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2012.

4.13 Seventh Supplemental Indenture dated as of March 22, 2013 between the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.8 to the Company's Registration Statement on Form S-3 (Reg. No. 333-191968) filed on October 29, 2013.

4.14 Eighth Supplemental Indenture dated as of October 16, 2013 between the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.9 to the Company's Registration Statement on Form S-3 (Reg. No. 333-191968) filed on October 29, 2013.

4.15 Amendment and Restatement Agreement dated July 18, 2014 among L Brands, Inc., a Delaware corporation, L (Overseas) Holdings LP, an Alberta limited partnership, Canadian Retail Holdings Corporation, a Nova Scotia company, Victoria's Secret UK Limited, a company organized under the laws of England and Wales, and Mast Industries (Far East) Limited, a Hong Kong corporation, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent (the "Administrative Agent"), in respect of the Amended and Restated Five-Year Revolving Credit Agreement dated as of July 15, 2011 among the Company, the lenders from time to time party thereto and the Administrative Agent, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated July 22, 2014.

4.16 Ninth Supplemental Indenture dated as of January 30, 2015 among the Registrant, the New Guarantors, The Bank of New York Mellon Trust Company, as Trustee, and the Old Guarantors to the Base Indenture dated as of March 15, 1988, as amended, relating to the 7.000% Senior Notes due 2020, the 6.625% Senior Notes due 2021, the 5.625% Senior Notes due 2022 and the 5.625% Senior Notes due 2023, incorporated by reference to Exhibit 4.16 to the Company's Registration Statement on Form S-4 (Reg. No. 333-209114) filed on January 25, 2016.

4.17 Second Supplemental Indenture dated as of January 30, 2015 among the Registrant, the New Guarantors, The Bank of New York Mellon Trust Company, as Trustee and the Old Guarantors to the Base Indenture dated as of June 19, 2009, as amended, relating to the 8.50% Senior Notes due 2019, incorporated by reference to Exhibit 4.17 to the Company's Registration Statement on Form S-4 (Reg. No. 333-209114) filed on January 25, 2016.

4.18 First Amendment dated as of April 21, 2015 among the Company, L (Overseas) Holding LP, an Alberta limited partnership, Canadian Retail Holdings Corporation, a Nova Scotia company, Victoria's Secret UK Limited, a company organized under the laws of England and Wales, and Mast Industries (Far East) Limited, a Hong Kong corporation, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent (the "Administrative Agent"), in respect of the Amended and Restated Five-Year Revolving Credit Agreement dated as of July 18, 2014 among the Company, the lenders from time to time party thereto and the Administrative Agent, incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 2, 2015.

4.19 Indenture, dated as of October 30, 2015, among L Brands, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated November 3, 2015.

4.20 Form of 6.875% senior notes due 2035, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated November 3, 2015.

4.21 Registration Rights Agreement, dated as of October 30, 2015, among L Brands, Inc., the guarantors named therein and Merrill Lynch, Pierce, Fenner & Smith Incorporated as representative of the initial purchasers, incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated November 3, 2015.

10. Material Contracts.

10.1 Officers' Benefits Plan incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1989 (the "1988 Form 10-K").**

10.2 The Company's Supplemental Retirement and Deferred Compensation Plan incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.**

10.3	Form of Indemnification Agreement between the Company and the directors and executive officers of the Company incorporated by reference to Exhibit 10.4 to the 1998 Form 10-K.**
10.4	Supplemental schedule of directors and executive officers who are parties to an Indemnification Agreement incorporated by reference to Exhibit 10.5 to the 1998 Form 10-K.**
10.5	The 1993 Stock Option and Performance Incentive Plan of the Company, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-8 (File No. 33-49871).**
10.6	The Company's 1996 Stock Plan for Non-Associate Directors incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 2, 1996.**
10.7	The Company's Incentive Compensation Performance Plan incorporated by reference to Exhibit A to the Company's Proxy Statement dated April 14, 1997.**
10.8	Agreement dated as of May 3, 1999 among the Company, Leslie H. Wexner and the Wexner Children's Trust, incorporated by reference to Exhibit 99 (c) 1 to the Company's Schedule 13E-4 dated May 4, 1999.
10.9	The 1998 Restatement of the Company's 1993 Stock Option and Performance Incentive Plan incorporated by reference to Exhibit A to the Company's Proxy Statement dated April 20, 1998.**
10.10	The 2002 Restatement of the Company's 1993 Stock Option and Performance Incentive Plan, incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2003.**
10.11	The Company's Stock Award and Deferred Compensation Plan for Non-Associate Directors incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (File No. 333-110465) dated November 13, 2003.**
10.12	The Company's 1993 Stock Option and Performance Incentive Plan (2003 Restatement) incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 (File No. 333-110465) dated November 13, 2003.**
10.13	The Company's 1993 Stock Option and Performance Incentive Plan (2004 Restatement) incorporated by reference to Appendix A to the Company's Proxy Statement dated April 14, 2004.**
10.14	The Company's Stock Option Award Agreement incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005.**
10.15	Form of Stock Ownership Guideline incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005.**
10.16	Employment Agreement dated as of November 24, 2006 among the Company, Victoria's Secret Direct, LLC, and Sharen Jester Turney incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2007.**
10.17	Employment Agreement effective as of April 9, 2007 among the Company and Stuart Burgdoerfer incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated April 11, 2007.**

10.18	The Company’s 1993 Stock Option and Performance Incentive Plan (2009 Restatement) incorporated by reference to Exhibit 99.1 to the Company’s Registration Statement on Form S-8 (File No. 333-110465) dated September 10, 2009.**
10.19	Employment Agreement dated as of December 31, 2007 among the Company, beautyAvenues, LLC, and Charles C. McGuigan, as amended by Amendment to Agreement dated December 1, 2008 and Form of Employment Agreement Amendment effective as of March 15, 2012 incorporated by reference to Exhibit 10.24 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.**
10.20	The Company’s 2011 Stock Option and Performance Incentive Plan originally incorporated by reference to Appendix A to the Company’s Proxy Statement dated April 11, 2011 and Amended and Restated dated July 21, 2011 incorporated by reference to Exhibit 10.25 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.**
10.21	Employment Agreement dated as of November 30, 2012 among the Company and Sharen Jester Turney incorporated by reference to Exhibit 10.1 to the Company’s Form 10-Q for the quarter ended October 27, 2012.**
10.22	Employment Agreement dated as of March 15, 2013 among the Company, Bath & Body Works Brand Management, Inc. and Nicholas P. M. Coe incorporated by reference to Exhibit 10.26 to the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.**
10.23	Form of Sixth Amended and Restated Master Aircraft Time Sharing Agreement incorporated by reference to Exhibit 10.23 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2015.**
10.24	L Brands, Inc. 2015 Stock Option and Performance Incentive Plan Terms and Conditions of Restricted Share Unit Grant, incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended August 1, 2015.
10.25	L Brands, Inc. 2015 Stock Option and Performance Incentive Plan Terms and Conditions of Stock Option Grant, incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended August 1, 2015.
10.26	L Brands, Inc. 2015 Cash Incentive Compensation Performance Plan, incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K dated May 26, 2015.
12.	Computation of Ratio of Earnings to Fixed Charges.
14.	Code of Ethics—incorporated by reference to the definitive Proxy Statement to be filed on or about April 8, 2016.
21.	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP.
24.	Powers of Attorney.
31.1	Section 302 Certification of CEO.
31.2	Section 302 Certification of CFO.
32.	Section 906 Certification (by CEO and CFO).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document

101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

** Identifies management contracts or compensatory plans or arrangements.

(b) Exhibits.

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

(c) Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or l5(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 18, 2016

L BRANDS, INC. (Registrant)
By: /s/ STUART B. BURGDOERFER
Stuart B. Burgdoerfer,
Executive Vice President,
Chief Financial Officer *

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on January 30, 2016:

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

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

By: /s/ STUART B. BURGDOERFER
Stuart B. Burgdoerfer
Attorney-in-fact

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Executive Officers

Leslie H. Wexner

Chairman and Chief Executive Officer
L Brands, Inc.

Stuart B. Burgdoerfer

Executive Vice President and Chief Financial Officer
L Brands, Inc.

Nicholas P. M. Coe

President and Chief Executive Officer
Bath & Body Works

Charles C. McGuigan

Chief Operating Officer
L Brands, Inc.

President and Chief Executive Officer
Mast Global

Board of Directors

Leslie H. Wexner (6)

Chairman and Chief Executive Officer, L Brands, Inc.

E. Gordon Gee (2, 5)

President, West Virginia University

Dennis S. Hersch (4)

President, N.A. Property, Inc.

Donna A. James (1, 3, 5)

Managing Director, Lardon & Associates LLC

David T. Kollat (1, 2, 3, 4)

Chairman, 22, Inc.

William R. Loomis Jr. (4)

Independent Financial Advisor

Jeffrey H. Miro (2, 3)

Senior Partner, Honigman Miller Schwartz and Cohn LLP

Michael G. Morris (2)

Chairman, American Electric Power Company, Inc. (Retired)

Stephen D. Steinour

Chairman, President and Chief Executive Officer, Huntington Bancshares Inc.

Allan R. Tessler (1, 3, 4, 6)

Chairman and Chief Executive Officer, International Financial Group, Inc.

Abigail S. Wexner (4, 5)

Chairman and Chief Executive Officer, Whitebarn Associates

Raymond Zimmerman (1, 4)

Chief Executive Officer, Service Merchandise LLC

1 = Member of the Audit Committee
2 = Member of the Compensation Committee
3 = Member of the Nominating and Governance Committee
4 = Member of the Finance Committee
5 = Member of the Inclusion Committee
6 = Member of the Executive Committee

Company Information

Headquarters

L Brands, Inc.
Three Limited Parkway
Columbus, Ohio 43230

614.415.7000
www.LB.com

Annual Meeting of Shareholders

8:30 a.m. Thursday, May 19, 2016
Three Limited Parkway
Columbus, Ohio 43230

Stock Exchange Listing

New York Stock Exchange
(Trading Symbol "LB")

Independent Public Accountants

Ernst & Young LLP
Columbus, Ohio

Information Requests

Through our website:	www.LB.com
Upon written request to:	L Brands, Inc. Investor Relations Three Limited Parkway Columbus, Ohio, 43230
By calling:	614.415.7000

Stock Transfer Agent, Registrar and Dividend Agent

American Stock Transfer & Trust Company ("AST")
6201 15th Avenue
Brooklyn, NY 11219

866.875.7975
718.921.8124
info@amstock.com
www.amstock.com/company/lbrands.asp

L Brands, Inc.

Founded 1963

as of Jan. 30, 2016:
Approximate associate base: 87,900
Approximate shareholder base: 232,000

Investor resources available on our website, www.LB.com, include:

- Anticipated release dates for monthly sales and quarterly earnings
- Live webcasts of the quarterly earnings conference calls
- Audio replays of monthly sales and quarterly earnings conference calls
- Current investor presentations and materials

NYSE Certification Statement

Our Chief Executive Officer and Chief Financial Officer have filed the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 with the Securities and Exchange Commission as exhibits to our Form 10-K for the fiscal year ended Jan. 30, 2016. In addition, our Chief Executive Officer filed a separate annual certification to the New York Stock Exchange following our annual shareholders' meeting on May 21, 2015.

ADMITTANCE SLIP

2016 ANNUAL MEETING OF STOCKHOLDERS

Date, Time and Place of Meeting:

Date: Thursday, May 19, 2016

Time: 8:30 a.m., Eastern Time

Place: Three Limited Parkway
Columbus, Ohio 43230

Attending the Meeting:

Stockholders who plan to attend the meeting in person must bring this admittance slip and a photo identification to gain access. Because of necessary security precautions, bags, purses and briefcases may be subject to inspection. To speed the admissions process, stockholders are encouraged to bring only essential items. Cameras, camcorders or videotaping equipment are not allowed. Photographs or videos taken by the Company at the meeting may be used by the Company. By attending, you waive any claim or rights to these photographs.

For more information about attending the annual meeting, please visit the website at *www.lb.com* or contact Investor Relations at (614) 415-7585.

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