Bath&BodyWorks®

PROXY STATEMENT FOR THE 2022 ANNUAL MEETING OF STOCKHOLDERS AND 2021 ANNUAL REPORT

Dear Fellow Shareholders,

In 2021, Bath & Body Works made incredible progress across the company to build on our already strong foundation, ensuring our brand and business remain healthy and relevant well into the future. In the past year, we successfully completed the spin-off of Victoria's Secret and the launch of Bath & Body Works as a standalone public company, which has positioned us for sustainable, long-term success.

In addition, the company has continued to prosper despite the ongoing challenges of COVID-19 and its impacts on our industry, delivering robust results each quarter, with full-year 2021 revenues of $7.9 billion, representing a 22% year-over-year increase. We ended the year with nearly $2 billion in cash and a debt leverage ratio of 2.3, in line with our mid-2s target. In 2021, we repurchased nearly $2 billion of our stock, and we continued our commitment to return value to shareholders in February 2022 with the Board authorizing an additional $1.5 billion share repurchase program and increasing our annual dividend by 33% to $0.80 per share.

Our strong balance sheet and cash flow generation will enable us to continue to invest in the business to generate growth … through compelling product development, new off-mall stores, enhanced capabilities to support growth in our direct channel, growth outside of North America through our international franchised stores and potential acquisition opportunities.

I am so proud of the collective efforts of the Bath & Body Works team, without which the separation and our continued success could not have been possible. The Bath & Body Works purpose goes beyond selling product, and our team has executed by focusing on our core values of starting with the customer, embracing diversity, working with passion and holding ourselves to the highest standards. These will continue to be our guide as the company serves our customers and supports our communities.

We have substantially refreshed our Board of Directors in the last two years with the addition of Francis Hondal, Danielle Lee and J.K. Symancyk in 2021, and Alessandro Bogliolo and Juan Rajlin this year. Strong governance and leadership are critical to the long-term success of any company, and they each bring a wealth of expertise to Bath & Body Works, ensuring we have a diverse and qualified board with the skillsets and backgrounds to drive long-term value for shareholders. We are proud of the diversity represented by the director nominees for our 2022 Annual Meeting – out of our nine director nominees, four are women, two are African American, two are Hispanic and two are International.

As we announced in February, Andrew Meslow, our CEO, has made the decision to step down from his role at Bath & Body Works to focus on his health, effective May 12, 2022. In the time that I have known Andrew, I have been impressed by his drive for continuous improvement, his commitment to delivering excellence for our customers and his compassion for his colleagues. His vision, guidance and commitment to building a strong culture have positioned Bath & Body Works as an industry leader. On a personal level, I am grateful for the incredible partnership he and I have shared over the last two years and would like to thank him for his nearly two decades of service to Bath & Body Works.

Upon Andrew's departure in May, I will assume the role of Interim CEO and, alongside the Board, will lead the search for Bath & Body Works' next leader. Since we announced this news in February, the Board has retained a national search firm to help identify Andrew's successor. In addition to the executive search, the Board will continue to prioritize the business's strategic growth and disciplined capital allocation strategy, as well as our ESG goals and initiatives, including our positive momentum related to diversity, equity and inclusion.

As we look to the year ahead, the Board and management team remain confident in our collective ability to continue leveraging our strong brand positioning, executing with excellence and delivering sustainable growth and shareholder value creation.

Thank you for your continued support.

Sincerely,

Sarah E. Nash

Sarah E. Nash
Executive Chair and Incoming Interim CEO
Bath & Body Works

Dear Fellow Shareholders,

It was a momentous year for Bath & Body Works as we became a standalone public company. We delivered record financial results, with net sales increasing 22% to nearly $7.9 billion and adjusted earnings per share increasing 45% to $4.51.

Throughout the year, our teams focused on continuing to serve our customers, despite the impact of the COVID-19 pandemic on our industry and global supply chains. In 2021, we delivered significant and balanced two-year growth across all of our major product categories and channels and grew our active customer file to a record 60 million customers, an increase of 13% compared to pre-pandemic levels. Through it all, we demonstrated agility to read, react and re-plan the business in response to significant customer demand, coupled with broader inflationary pressures and production constraints. Despite global supply chain pressures, we presented full merchandise assortments to our customers as our vertically integrated, primarily North American supply chain provided a competitive advantage.

Importantly, we are continuing to meet our customers how, when and where they want. Across the business, we've focused on an omni-channel mindset and enhanced our capabilities to engage our customers whether online through an upgraded order management system, via expanded buy-online-pick-up-in-store (BOPIS) capabilities, through our Canada e-commerce site or in our stores, where about 60% of our stores have been remodeled or newly opened in the past seven years. We also started planning and constructing a new company-run fulfillment center to support the future growth of our online business.

We continued to invest in our team, without whom none – absolutely none – of these accomplishments would have been possible. I'd like to thank them for their hard work and dedication to our business. In 2021, we increased wages in our stores and distribution centers and made key hires needed to support our standalone business and help lead critical areas, such as sustainability, social responsibility and corporate governance. In addition, we established a new separate and dedicated team to innovate into new categories and businesses. Throughout the year, our associates have maintained an energy and can-do attitude that is extraordinary, and I am grateful to have worked alongside them to help lead the business to reach new heights in 2021.

Given I'm stepping down this May, I wanted to reiterate my gratitude for Bath & Body Works and all of our stakeholders. It's been such an honor and a privilege to lead this great company as CEO and be a part of an extraordinary team for nearly two decades. I'd like to thank Sarah Nash for stepping in at this important moment in our company's history as Interim CEO. I have full confidence in her and the rest of our management team's ability to continue building on our strong momentum through 2022 and beyond.

Looking ahead, Bath & Body Works is well-positioned to grow and thrive as a leading global brand. Our enduring success lies in staying close to customers and continuing to deliver a high level of service and compelling merchandise that our customers have come to expect.

Sincerely,

Andrew Meslow
Chief Executive Officer
Bath & Body Works

Notice of
Annual Meeting of Stockholders
and Proxy Statement

May 12, 2022

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 12, 2022: The proxy statement and annual report to stockholders are available at *www.proxyvote.com.*

March 31, 2022

DEAR STOCKHOLDER OF BATH & BODY WORKS, INC.:

You are cordially invited to attend our 2022 annual meeting of stockholders to be held at **8:30 a.m. Eastern Time**, on May 12, 2022, at our offices located at Seven Limited Parkway, Reynoldsburg, Ohio 43068. The 2022 annual meeting of stockholders will be our first meeting since we completed the successful separation of L Brands, Inc. into Bath & Body Works, Inc. and Victoria's Secret & Co. in August 2021.

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. We hope that you will be able to attend and participate in the meeting.

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, please 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,

Sarah E. Nash
Executive Chair

Andrew M. Meslow
Chief Executive Officer

We are continuing to monitor the public health and travel concerns relating to COVID-19 and the related recommendations and protocols issued by federal, state and local governments. In the event that it is not possible or advisable to hold our annual meeting at the time, date and place as originally planned, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication or adjourning or postponing the meeting. Any such change, including details on how to participate in a remote meeting, would be announced in advance via press release, a copy of which would be filed with the Securities and Exchange Commission as additional proxy solicitation materials and posted on our website at http://www.bbwinc.com. Please check this website in advance of the meeting date if you are planning to attend in person.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 12, 2022

March 31, 2022

TO THE STOCKHOLDERS OF BATH & BODY WORKS, INC.:

We are pleased to invite you to attend our 2022 annual meeting of stockholders to be held at 8:30 a.m. Eastern Time, on May 12, 2022, at our offices located at Seven Limited Parkway, Reynoldsburg, Ohio 43068. At the 2022 annual meeting of stockholders, you will vote on the following items of business:

- Elect the nine nominees proposed by the Board of Directors as directors.
- Ratify the appointment of our independent registered public accountants.
- Hold an advisory vote to approve named executive officer compensation.
- Approve the Bath & Body Works, Inc. Associate Stock Purchase Plan.
- Vote on the stockholder proposal to reduce the ownership threshold for calling special meetings of stockholders, 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 18, 2022 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,

Michael C. Wu
Chief Legal Officer and Secretary

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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 2022 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,'' ''Bath & Body Works'' and the ''Company'' refer to Bath & Body Works, 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 1, 2022 to all stockholders entitled to vote. The Company's 2021 Annual Report on Form 10-K (the ''2021 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. You may request copies of such documents from: Bath & Body Works, Inc., Attention: Investor Relations, Three Limited Parkway, Columbus, Ohio 43230.

Date, Time and Place of Meeting

Date: May 12, 2022

Time: 8:30 a.m. Eastern Time

Place: Seven Limited Parkway, Reynoldsburg, Ohio 43068

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.

Although we are hosting an in-person annual meeting, due to the public health impact of the COVID-19 pandemic, and to support the health and well-being of our stockholders, associates and communities, attendees will be expected to comply with important health and safety protocols as recommended by the Centers for Disease Control and Prevention, including: wearing an appropriate face covering at all times while on the meeting premises, hand washing and/or applying hand sanitizer upon arrival and practicing social distancing by maintaining at least a six-feet distance from other attendees.

You should not attend if you feel unwell or if you have been exposed to COVID-19. Any person in attendance who exhibits cold or flu-like symptoms or who has been exposed to COVID-19 may be asked to leave the premises for the protection of the other attendees. We reserve the right to take any additional precautionary measures deemed appropriate in relation to the meeting and access to meeting premises, and may ask attendees to leave the meeting if they are not following our procedures.

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.

We are continuing to monitor the public health and travel concerns relating to COVID-19 and the related recommendations and protocols issued by federal, state and local governments. In the event that it is not possible or advisable to hold our annual meeting at the time, date and place as originally planned, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication or adjourning or postponing the meeting. Any such change, including details on how to participate in a remote meeting, would be announced in advance via press release, a copy of which would be filed with the Securities and Exchange Commission (the ''Commission'') as additional proxy solicitation materials and posted on our website at *http://www.bbwinc.com*. Please check this website in advance of the meeting date if you are planning to attend in person.

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 18, 2022. As of the record date, there were 238,489,925 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 nine nominees for director (as described on page 5);
- "FOR" the ratification of the appointment of our independent registered public accountants (as described on page 17);
- "FOR" the advisory vote to approve named executive officer compensation (as described on page 18);
- "FOR" approval of the Bath & Body Works, Inc. Associate Stock Purchase Plan (as described on page 19); and
- "AGAINST" the stockholder proposal to reduce the ownership threshold for calling special meetings of stockholders (as described on page 23).

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 2021 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 18, 2022, 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 Amended and Restated Bylaws (the ''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'' and broker non-votes 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 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 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 Human Capital & Compensation Committee (the ''HCC Committee'') will take into account the outcome of the vote when considering future executive compensation decisions.
- Pursuant to the Bylaws, the approval of the Bath & Body Works, Inc. Associate Stock Purchase Plan (the ''ASPP'') requires the affirmative vote of a majority of the votes present in person or by proxy and voting thereon. In addition, the vote necessary to approve the ASPP, including the impact of abstentions (as described under ''—Impact of Abstentions and Broker Non-Votes,'' is subject to additional New York Stock Exchange (''NYSE'') rules. NYSE rules require a majority of the votes cast ''for'' approval of the ASPP.
- The stockholder proposal requires the affirmative vote of a majority of the votes present in person or in 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, the ratification of Ernst & Young LLP as our independent registered public accountants, the advisory vote to approve named executive officer compensation, the approval of the ASPP and the stockholder proposal will be excluded entirely from the vote and will have no effect.

In addition, under 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 accountants, 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 nine directors for election at the annual meeting. If you elect the nine nominees, they will hold office for a one-year term expiring at the 2023 annual meeting of stockholders or until their successors have been elected.

Director Succession

The Board believes in the necessity of ongoing Board refreshment, rigorous self-evaluation, diversity and succession planning. We regularly engage with our stockholders and other stakeholders on Board refreshment. The Board has in place a robust process that will allow us to continue to refresh the Board. We want a thoughtful approach to succession planning, and accordingly, the Board seeks to strike a balanced approach that allows the Board to benefit from the right mix of newer directors who bring fresh perspectives and seasoned directors who bring continuity and deep insight into our business and strategies. The Company believes that an effective Board consists of individuals who possess a variety of complementary skills, a range of tenures and a diversity of perspectives. We assess and implement our Board succession plan with this in mind. The Nominating & Governance Committee and the Board consider the performance, contributions, skills and experience of our Board members in the broader context of the Board's overall composition, with a view toward constituting a Board that has the integrity, judgment, skill set, experience and other characteristics to oversee the broad set of challenges that the Company faces and evaluate management on executing the Company's business strategy.

Corporate Governance Highlights

The Board constantly reviews evolving best practices in corporate governance and stays abreast of developments in the area of corporate governance. We have a policy of robust engagement with stockholders, with continuing outreach to and dialogue with all of our major investors on a range of issues, including corporate governance matters and environmental and social goals and initiatives. Our corporate governance highlights include:

Board Oversight

- Oversees the Company's strategic plans, capital structure, assessment and management of enterprise risk, cybersecurity and data security policies and environmental, social and governance (''ESG'') matters.
- Regular reviews of succession plans for the Chief Executive Officer and other senior management positions.

Stockholder Rights and Accountability

- All directors are elected annually.
- No supermajority voting requirements.
- Our Bylaws include proxy access rights, permitting up to 20 stockholders owning 3% or more of the outstanding shares of Common Stock continuously for at least three years to nominate the greater of two directors or up to 20% of our Board and include those nominees in our proxy materials.
- Stockholders who own at least 25% of the outstanding shares of Common Stock may call a special meeting of stockholders.
- In uncontested director elections, directors are elected by a majority of votes cast.
- No ''poison pill'' in effect.

Annual Evaluations

- Annual Board and committee assessments enhance performance.

Environmental and Social Responsibility

- Further reducing our environmental impact through collaboration with suppliers to implement more environmentally friendly strategies related to our supplies and products, including steadily increasing the use of post-consumer recycled (''PCR'') plastic in our project packaging, working closely with our suppliers to increase that amount based on the supply of available PCR material.

- Continuing our commitment to support programs that focus on underserved and underrepresented communities during 2021 by investing more than $22 million through our foundations, corporate giving and product donations as well as through associate engagement with nonprofit organizations.
- An elevated focus on fostering a culture that is inclusive, embraces social change, takes action and is accountable. In 2021, we celebrated cultural milestones and moments in a bigger way both internally and in stores and online. We've done that through internal connection points, special product collections and contributions to community partners and look forward to applying our learnings to do so in even more meaningful ways going forward.

Director Qualifications, Skills, Experience and Demographics

We believe that our directors, as a whole, possess the right mix of qualifications, skills and experience, and the commitment to Board refreshment to ensure this moving forward. Our directors also reflect the diversity of the Company's workforce, communities it serves, its customers and other key stakeholders.

The table below summarizes the qualifications, skills and experience of our nominees for the Board.

	Bellinger, Patricia	Bogliolo, Alessandro	Hondal, Francis	Lee, Danielle	Morris, Michael	Nash, Sarah	Rajlin, Juan	Steinour, Stephen	Symancyk, J.K.	Total Nominees
Consumer Technology: Knowledge of or experience with technology-enabled customer solutions			●	●			●	●	●	5
Digital Marketing: Experience in digital marketing, branding, analytics and product development			●	●			●		●	4
Executive Business Experience: Experience serving in an executive capacity in a public company or regulatory environment	●	●	●	●	●	●	●	●	●	9
Finance Expertise: Knowledge of or experience in capital markets, corporate finance or accounting	●		●		●	●	●	●	●	7
Governance: Experience serving on the board of a public company or developing corporate governance policies for public companies	●	●	●		●	●	●	●	●	8
Marketing & Consumer Insights: Experience in marketing, branding, customer analytics and customer loyalty		●	●	●	●			●	●	6
Operations/Supply Chain: Experience with multi-site operational management, including logistics and distribution		●			●	●			●	4
Public Company CEO/Senior Leadership Experience: Experience serving as a chief executive officer or similar leadership position of a public company		●			●	●		●	●	5
Retail: Experience in the retail sector or in consumer products		●	●			●			●	4
Global/International: International experience or experience managing international operations or organizations	●	●	●	●		●	●		●	7
ESG: Experience in environmental, social and governance (ESG) issues	●	●		●	●	●	●	●	●	8

The table below summarizes certain demographic information related to our nominees for the Board based on characteristics self-identified by our director nominees.

A Broadly Representative Board

9 Board Nominees

44%	44%	11%
Women	People of Color	LGBTQIA+

Set forth below is additional information about the experience and qualifications of each of the nominees for director that led the Board to conclude 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; alternatively, the Board may elect to reduce the size of 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

Patricia S. Bellinger	*Director since 2017* *Executive Committee* *Human Capital & Compensation Committee* *Nominating & Governance Committee (Chair)*	*Age 61*

Ms. Bellinger is the Chief of Staff and Strategic Advisor to the President of Harvard University, an institution of higher education. From 2017 to 2018, she was a Senior Fellow at the Center for Public Leadership at Harvard Kennedy School, a graduate and professional school. From 2013 to 2017, she was an Adjunct Lecturer and the Executive Director at the Center for Public Leadership at the Harvard Kennedy School and from 2010 to 2013, she was the Executive Director of Executive Education at Harvard Business School, a graduate and professional school. Prior to joining Harvard Business School, Ms. Bellinger was group vice president at British Petroleum, a global energy company, from 2000 to 2007, where she oversaw leadership development and established and led British Petroleum's global diversity and inclusion transformation. Ms. Bellinger served as a director of Pattern Energy Group Inc., a power company, from 2013 until 2018, Paris-based Sodexo S.A., from 2005 until 2018, and as a trustee of uAspire until 2020. She also serves as a director of Paris-based Sonepar and Safran S.A. and the National Board of the Smithsonian Institution. Ms. Bellinger's nomination is supported by her extensive executive, business and leadership experience and service on several boards of directors.

Alessandro Bogliolo	*Director since 2022*	*Age 56*

Mr. Bogliolo, born in Italy, is the former Chief Executive Officer and director of Tiffany & Co. (''Tiffany''), a luxury jewelry and specialty retailer, serving in such role from October 2017 through the acquisition of Tiffany by LVMH Moët Hennessy Louis Vuitton SE (''LVHM'') in January 2021. Prior to joining Tiffany, Mr. Bogliolo served as Chief Executive Officer and director of Diesel SpA, an international fashion brand that is part of the OTB Group, from 2013 to 2017, and in senior roles with LVMH from 2011 to 2013, including as Chief Operating Officer, North America, for Sephora USA and Executive Vice President and Chief Operating Officer, Bulgari. Mr. Bogliolo's nomination is supported by his extensive executive, strategic and operational leadership experience, including as Chief Executive Officer of a publicly traded retail brand, his deep knowledge of the retail industry and consumers and his international experience and perspective.

Francis A. Hondal	*Director since 2021* *Audit Committee* *Human Capital & Compensation Committee*	*Age 57*

Ms. Hondal is President of Loyalty and Engagement at Mastercard Inc. (''Mastercard''), a global technology company in the payments industry, and has served in this position since 2018. She is also a member of Mastercard's management committee and leads the development of products that enable consumer experiences through loyalty, rewards and performance-based marketing services for enterprises worldwide. From 2015 to 2018, Ms. Hondal was Executive Vice President of Credit and Loyalty at Mastercard, responsible for growing usage and preference of Mastercard branded products, and from 2011 to 2015 she was Executive Vice President of Products at Mastercard. Ms. Hondal also spent 17 years at the American Express Company in global and regional roles within its consumer services division. Since September 2020, Ms. Hondal has served as a director of Equitable Holdings, Inc., a financial service holding company comprised of two principal franchises, Equitable and AllianceBernstein. She is also a board observer for Flybits, a Canadian contextual marketing fintech, and serves on the board of the Florida International University Foundation. Ms. Hondal's nomination is supported by her extensive consumer marketing, finance and management experience.

Danielle M. Lee *Director since 2021* *Age 46*

Human Capital & Compensation Committee

Nominating & Governance Committee

Ms. Lee is President, Warner Music Artist and Fan Experiences at Warner Music Group Corp. (''Warner Music Group''), a publicly traded music entertainment company, since June 2021, where she leads an in-house creative agency for the Warner Recorded Music roster as well as for third-party musical artists. Prior to joining Warner Music Group, Ms. Lee was the Chief Fan Officer for the National Basketball Association, Inc. (the ''NBA'') from March 2020 through May 2021, where she oversaw brand, creative and multiplatform fan marketing globally and was charged with elevating brand perceptions, cultural connection and fan engagement. Prior to joining the NBA in 2020, Ms. Lee served for four years as Global Vice President, Partner Solutions at Spotify Technology S.A., where she was responsible for developing go-to-market strategy and growing global revenue across music, podcasts and high-impact digital experiences. Prior to Spotify, Ms. Lee served as Global Vice President, Commercial Marketing at Vevo LLC. She also spent seven years at AT&T Inc. and served as Vice President of Product Marketing and Innovation for AT&T AdWorks after beginning her career at Showtime Networks Inc. Ms. Lee's nomination is supported by her extensive experience and involvement in brand building, product innovation and strategic marketing across technology, media and entertainment.

Michael G. Morris *Director since 2012* *Age 75*

Audit Committee

Executive Committee

Human Capital & Compensation Committee (Chair)

Mr. Morris served as the Chairman of the Board of American Electric Power Company, Inc. (''American Electric Power''), 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. From 1997 until 2003, he served as the President, Chairman and Chief Executive Officer of Northeast Utilities, the largest electric utility in New England. Mr. Morris served as a director of Spectra Energy Corp., one of North America's leading natural gas infrastructure companies, from 2013 through its acquisition by Enbridge Inc. in 2017. Mr. Morris also served on the board of directors of the general partner of Spectra Energy Partners, LP, a master limited partnership engaged in the transmission, storage and gathering of natural gas, and the transportation and storage of crude oil, from 2017 until its acquisition by Enbridge Inc. in 2018. From 2018 to 2019, Mr. Morris served as a director of PHL Group, Inc., a private provider of energy-focused construction and related services. Mr. Morris served as a director of Alcoa Inc., a producer of aluminum, from 2008 to 2016, until Alcoa Inc.'s separation into two standalone, publicly traded companies, Alcoa Corporation (''Alcoa'') and Arconic Inc., and thereafter as the Chairman of the board of directors of Alcoa, a producer of bauxite, alumina and aluminum, until his retirement from Alcoa's board in 2021. Mr. Morris currently serves as a director of The Hartford Financial Services Group, Inc., an investment and insurance company. Mr. Morris's nomination is supported by his broad business experience and management expertise.

Sarah E. Nash *Director since 2019* *Age 68*

Executive Chair

Executive Committee (Chair)

Ms. Nash has served as Executive Chair of the Company since February 2022 and served as an independent Chair of the Board between May 2020 and February 2022. Effective upon the conclusion of the Company's 2022 annual meeting of stockholders, Ms. Nash will assume the role of Interim Chief Executive Officer of the Company. Ms. Nash is also chair of the board, chief executive officer and majority shareholder of privately held Novagard Solutions, an innovator and manufacturer of silicone sealants and coatings and hybrid and foam solutions for the Building Systems, Electronics, EV and Battery and Industrial and Transportation markets. Ms. Nash spent nearly 30 years in investment banking at JPMorgan Chase & Co. (and predecessor companies), a financial services firm, retiring as Vice Chairman of Global Investment Banking in July 2005. She served on the board of directors of Knoll, Inc., a designer and manufacturer of lifestyle and workplace furnishing, textiles and fine leathers, from 2006 through its acquisition by Herman Miller, Inc. in 2021 and privately held Irving Oil Company through March 2022. Ms. Nash currently serves on the boards of directors of Blackbaud, Inc., a software company providing technology solutions for the not-for-profit industry, and privately held HBD Industries, Inc., a manufacturer and supplier of general purpose and application-engineered industrial products. Ms. Nash is Trustee of the New York-Presbyterian Hospital, a member of the National Board of the Smithsonian Institution, a member of the Smithsonian Tropical Research Institute (STRI), Panama and the Chair of the International Advisory Board of the Montreal Museum of Fine Arts. Ms. Nash holds a BA in political science from Vassar College. Ms. Nash's nomination is supported by her extensive experience in capital markets, strategic transactions, corporate governance and nonprofit organizations.

Juan Rajlin *Director since 2022* *Age 46*

Mr. Rajlin, born in Argentina, has served as the Treasurer of Alphabet Inc. ("Alphabet"), a multinational technology company, and its subsidiary Google LLC ("Google") since October 2018. In Mr. Rajlin's role with Alphabet, he oversees over $100 billion of investments, corporate finance policy and financial risk management. He is also a key executive overseeing Google's sustainability strategy and diversity, equity and inclusion work. Prior to joining Alphabet, Mr. Rajlin served as Corporate Treasurer and Chief Risk Officer from February 2013 through September 2017 and as Chief Financial Officer, Products and Services from October 2017 through September 2018, in each case at Mastercard, and held various roles with increasing levels of responsibility with General Motors Company before joining Mastercard. Mr. Rajlin holds a BS, Economics from Universidad Torcuato Di Tella in Argentina and an MBA from Columbia University. Mr. Rajlin's nomination is supported by his extensive finance and risk management experience, his experience with consumer-driven technologies and ESG matters and his deep international experience and perspective.

Stephen D. Steinour *Director since 2014* *Age 63*
Interim Lead Independent Director
Audit Committee (Chair)
Executive Committee

Mr. Steinour has been the Chairman, President and 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 also serves as a supervisory board member of The Clearing House, a real-time payments platform. He previously served as a trustee of Liberty Property Trust, a real estate investment trust, from 2010 to 2014, as a director of the Federal Reserve Bank of Cleveland, from 2017 to 2019, and as a director of Exelon Corporation, a utility services holding company, from 2007 to 2020. Mr. Steinour's nomination is supported by his executive experience, financial expertise and service on several boards of directors.

J.K. Symancyk *Director since 2021* *Age 50*
Audit Committee
Nominating & Governance Committee

Mr. Symancyk has served as President and Chief Executive Officer and a director of PetSmart LLC, a large specialty pet retailer, since June 2018. From 2015 to June 2018, Mr. Symancyk was the Chief Executive Officer of Academy Sports and Outdoors, Inc., a sporting goods and outdoor recreation retailer. Mr. Symancyk has over 25 years of industry experience managing complex retail organizations, including with roles of increasing responsibility with each of Academy Sports + Outdoors, Meijer and Walmart Stores. Mr. Symancyk also served on the board of directors of Chewy, Inc., an online retailer for pet products, supplies and prescriptions, from April 2019 through July 2021, and GameStop Corp., from March 2020 to June 2021. Mr. Symancyk's nomination is supported by his executive experience, financial expertise, operating experience and deep understanding of the retail industry.

Leadership Updates

On February 22, 2022, the Company announced that Mr. Meslow will step down as Chief Executive Officer and as a member of the Board, due to health reasons, effective on May 12, 2022. To facilitate a smooth transition, the Board appointed Ms. Nash to serve as Executive Chair of the Company, effective on February 22, 2022, and as Interim Chief Executive Officer of the Company, effective upon Mr. Meslow's departure. In addition, the Board appointed Mr. Steinour as Interim Lead Independent Director on March 10, 2022. We thank Mr. Meslow for his years of service to the Company and his willingness to continue in his role as Chief Executive Officer until May 12, 2022.

The Board is in the process of retaining a national search firm to conduct a robust search process to identify a permanent Chief Executive Officer. The Board is seeking candidates who will bring strong leadership to the Company at this unique and transformational time for our Company. The process will be undertaken in accordance with policies and principles established by the Board for Chief Executive Officer succession planning.

Mr. Schottenstein informed the Company that he will retire from the Board effective May 12, 2022, at the conclusion of the Company's 2022 annual meeting of stockholders. We would like to thank Mr. Schottenstein for his service and valuable contributions as a director.

Accordingly, the size of the Board will be reduced to nine members immediately following the conclusion of the Company's 2022 annual meeting of stockholders and, therefore, stockholders may only cast their vote with respect to the nine director nominees described above.

Director Independence

The Board has determined that each of the individuals nominated to serve on the Board (except for Sarah E. Nash) and Mr. Schottenstein have 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. The Board has also determined that each of Donna A. James and Anne Sheehan, who each resigned from the Board effective on August 2, 2021 to serve on the board of directors of Victoria's Secret & Co., were "independent" in accordance with applicable NYSE standards during the time they served on the Board in 2021. If all director nominees are elected to serve as our directors, independent directors will constitute 89% 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 a member of the director's immediate family and the Company; whether within the past three years the director or a member of the director's immediate family has served as an executive officer of the Company; whether the director or a member of the director'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 (other than compensation in respect of such person's service on the Board); whether the director or a member of the director'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 a member of the director'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; Risk Oversight; Certain Compensation Matters

The Board does not have a policy as to whether the roles of Chair of the Board and Chief Executive Officer should be separate or combined. The Board exercises its discretion in combining or separating these positions as it deems appropriate in light of prevailing circumstances.

Ms. Nash served as an independent Chair of our Board from May 2020 until her appointment to the role of Executive Chair on February 22, 2022. Effective May 12, 2022, at the conclusion of our 2022 annual meeting of stockholders, Ms. Nash will assume the role of Interim Chief Executive Officer upon Mr. Meslow's departure due to health reasons until such time that a permanent Chief Executive Officer has been appointed. Accordingly, during this time, the leadership structure of the Company will provide for the combination of the roles of Executive Chair and Interim Chief Executive Officer. The Board believes that Ms. Nash is best situated to serve as both interim Chief Executive Officer and Executive Chair until Mr. Meslow's successor is selected because of her familiarity with the Company's business and leadership team, her deep leadership and strategic experience, including her significant role in facilitating the Company's strategic actions that ultimately led to the successful spin-off of Victoria's Secret & Co. in August 2021 (the ''Separation'') and standing up Bath & Body Works as a standalone public company, and the efficiency of combining the roles during the Board's search process for a permanent Chief Executive Officer.

In order to provide the Board with independent leadership during this period of transition, on March 10, 2022, the Board appointed Mr. Steinour as Interim Lead Independent Director. In addition to chairing all executive sessions of our non-management and independent directors, Mr. Steinour:

- serves as a liaison between our Executive Chair, on the one hand, and our independent directors, on the other;
- approves information sent to the Board;
- reviews proposed Board meeting agendas;
- approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- has the authority to call meetings of the non-management and independent directors in his discretion; and
- if requested by major stockholders, ensures that he is available for consultation and direct communication.

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

Oversight of Cybersecurity Risk

The Audit Committee has oversight of the Company's cybersecurity and data security policies. All members of the Audit Committee are independent directors. Members of management of the Company regularly brief the Board on issues relating to information security, fraud, data security and cybersecurity risk and developments, as well as the steps management has taken to monitor and control such exposures.

Review of Strategic Plans and Capital Structure

The Board regularly reviews the Company's strategic plans and capital structure with a view toward long-term value creation.

Oversight of Environmental and Social Matters

Bath & Body Works, as a values-based company, recognizes that we have a responsibility to all stakeholders of our business, including associates, customers, stockholders, the communities where we live and work, people across our value chain who contribute to our success and, of course, the planet. To acknowledge this enormous responsibility, in 2021, as part of our ongoing efforts, we established an ESG function to provide direction and help coordinate ESG work throughout the Company. In 2022, we intend to work with internal and external stakeholders to identify any material issues, build an ESG strategy and set organizational priorities and goals that will guide our ESG focus going forward. We look forward to reporting on our strategy and our progress against our goals. While we are building out our strategy, we have continued with our ongoing work in this area. Key areas of focus and highlights include:

- *Diversity, Equity and Inclusion*. Led by our Office of Inclusion, we have a robust enterprise strategy for diversity, equity and inclusion, based on the pillars of recruitment, education and development, engagement and retention, community and business. This includes the recruitment, retention and advancement of diverse talent among our Board, workforce and suppliers, that reflects the customers we serve and our communities. Specifically, we are taking the following steps:

- Senior leaders are engaging in conversations with individual associates and teams to listen and learn. We are committed to providing both large and small, formal and informal forums for associates to be heard.
- We have gathered and are sharing resources to provide education, tools and insights for our associates on managing bias and being an ally.
- As of January 29, 2022, we had six Inclusion Resource Groups (''IRGs'') designed for associates who identify as, or are allies of, the following groups: Hispanic and Latinx, LGBTQIA+, Black and African American, Asian and Pacific Islander, entry level and junior or early career professionals and women. These IRGs provide opportunities for associates to connect with one another around their shared passion for creating an inclusive workplace for all associates. These IRGs also provide professional development for associates, support the needs of our business, help shape the culture of our Company and encourage engagement and volunteerism in the community.
- As noted below, we have increased our investment in organizations that fund the fight against racism and inequality.
- As an indication of our efforts in this area, we have scored between 95 and 100 on the Human Rights Campaign's Corporate Equality Index every year for the past decade, with a perfect score of 100 in each of 2020, 2021 and 2022.
- Our EEO-1 data for 2021 and prior years includes data related to associates of Victoria's Secret & Co., which is now an independent, standalone public company following the Separation in August 2021. We intend to publish our Consolidated EEO-1 Report for 2022 on our website at www.bbwinc.com in the second quarter of 2023, which will be our first Consolidated EEO-1 Report that reflects Bath & Body Works, Inc. as a standalone public company.

- *Respecting Human Rights and the Planet Throughout Our Supply Chain.* We select suppliers based on their ability and commitment to meet our stringent standards related to safety, quality, labor and the environment. The majority of our production comes from the United States and includes many long-term strategic partners. Suppliers are audited for compliance with our supplier code of conduct.
- *Reducing Our Environmental Impact.*
    - *Driving toward sustainable materials*. We are working to reduce our environmental impact through the use of more sustainable materials and partnerships with more environmentally responsible suppliers. For example, under the Company's Forest Products Procurement Policy, we work with our suppliers to source packaging from certified forestry operations to reduce the pressures on endangered forests. Also, we are steadily increasing the use of PCR plastic in our product packaging, working closely with our suppliers to increase that amount based on supply of available PCR material.
    - *Chemicals management in products*. We apply a disciplined approach when it comes to ensuring quality and protecting our customers and the environment. Bath & Body Works contracts with manufacturers primarily in North America. Vendors are selected based on their ability and commitment to meet our safety and quality standards, as well as follow our ethical labor and environmental standards. Once contracted, our internal experts work with vendors to certify compliance with our strict quality standards and sourcing policies on an ongoing basis.
    - *Reducing energy consumption, water use and greenhouse gas emissions*. We have rolled out numerous energy-efficiency projects, such as having our main office and distribution center each LEED certified, using LED lamps in stores, home offices and distribution centers, and expanding our recycling efforts in our distribution centers and stores. We also are committed to using efficient means of transporting our goods. Since 2006, we have been a partner in the U.S. Environmental Protection Agency's SmartWay Transport Partnership program, which works with companies to reduce greenhouse gas emissions and air pollution from transportation of goods. And since 2009, we have been a member of the Ceres Business for Innovative Climate and Energy Policy (BICEP), an advocacy coalition of businesses committed to working with policymakers to pass meaningful energy and climate legislation. With respect to water use, we have taken steps to conserve water use in our buildings and in landscaping.

- *Supporting Our Communities*. In 2021, we invested more than $20.1 million in nonprofit organizations through our foundations and corporate giving, including the National Urban League, Feeding America, YWCA and the Human Rights Campaign. And we contributed $1.9 million worth of products to support our communities, including first responders, healthcare institutions, community action agencies and nonprofits.
- *Empowering and Joining Our Associates in Funding Research with the Goal of Ending Cancer*. In 2021, our foundations and associates continued to support cancer research, contributing more than $1.1 million to Pelotonia where 100% of every participant-raised dollar funds cancer research at The Ohio State University Comprehensive Cancer Center – James Cancer Hospital and Solove Research Institute. Since 2010, our foundations and associates have raised more than $65 million for Pelotonia.
- *Responding to COVID*. Utilizing various COVID-19 safety measures that are designed to align with or exceed guidelines from the Centers for Disease Control and Prevention, we have taken a number of steps to protect our associates and customers, including use of temperature checks and verifications from our associates that they are symptom-free; compensation for our associates who are quarantining due to a positive COVID-19 test; providing face masks to our associates and instituting policies for use of face masks; taking steps to promote social distancing at our stores, home offices, distribution centers and customer care centers; and increasing our cleaning regimen.

Human Capital Management

The Board recognizes that attracting, developing and retaining the best people is crucial to all aspects of the Company's activities and long-term success and has, with the support of the HCC Committee, oversight of the development and implementation of our human capital management programs, including diversity and inclusion practices and initiatives, recruiting, retention and career development and progression. Among other things, the Board reviews with members of management of the Company issues relating to human capital management such as associate engagement, workforce planning and demographics, diversity and inclusion strategies and our corporate culture.

Succession Planning

The Board has developed policies and principles governing succession planning with respect to the Chief Executive Officer and other senior management.

Information Concerning Board Meeting Attendance

Our Board held 11 meetings in fiscal year 2021. During fiscal year 2021, all of the then-current 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 is instrumental in the Board's fulfillment of its oversight responsibilities relating to (i) the integrity of the Company's financial statements and internal controls, (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 Mr. Steinour (Chair), Ms. Hondal and Messrs. Morris and Symancyk. The Board has determined that each of the Audit Committee members meets the independence, expertise and experience standards established by the NYSE and the Commission for service on the Audit Committee of the Board and qualifies 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 59 of this proxy statement. The Audit Committee held 13 meetings in fiscal year 2021.

Human Capital & Compensation Committee

The current members of the HCC Committee are Mr. Morris (Chair), Mses. Bellinger, Hondal and Lee, and Mr. Schottenstein. The Board has determined that each of the current HCC Committee members is "independent" in accordance with applicable NYSE standards and qualifies as a "non-employee director" for purposes of regulations promulgated by the Commission.

The HCC Committee (i) oversees human capital management of the Company, including the Company's diversity, equity and inclusion programs, policies and strategies, (ii) oversees the Company's compensation and benefits philosophy and policies, (iii) evaluates the Chief Executive Officer's performance and approves the Chief Executive Officer's compensation, (iv) oversees the evaluation process and compensation structure for other executive officers of the Company, (v) evaluates and recommends for approval by the Board compensation for the Company's directors, and (vi) fulfills the other responsibilities set forth in its charter. The HCC Committee may delegate its authority (i) to subcommittees or the Chair of the HCC Committee as it deems appropriate and in the best interests of the Company, provided that periodic reports by the parties receiving any such delegation are made to the full HCC Committee in accordance with the terms of the delegation, and (ii) to one or more officers of the Company the authority to make grants and awards of stock rights or options to any individual who is not an executive officer of the Company as the HCC Committee deems appropriate, in the best interests of the Company, and in accordance with the terms of such plans.

The Human Capital & Compensation Committee Report can be found on page 42 of this proxy statement. For a discussion of the role of the Company's executive officers and the HCC Committee's independent compensation consultant in determining or recommending the amount or form of executive and director compensation, see the section "Compensation Governance" on page 39 of this proxy statement. The HCC Committee held nine meetings in fiscal year 2021.

Nominating & Governance Committee

The Nominating & Governance Committee actively engages in the ongoing review of the composition of the Board and opportunities for Board refreshment. Based on its review, the Nominating & Governance Committee recommends criteria for the selection of the candidates to the Board and its committees, and identifies and recommends to the Board candidates who are qualified to serve on the Board and its committees. The Nominating & Governance Committee also considers and reviews the qualifications of any individual nominated for election to the Board by stockholders and is responsible for proposing a slate of candidates for election as directors at each annual meeting of stockholders. The Nominating & Governance Committee also oversees the evaluation of the Board and its committees, and commencing in 2022 is responsible for reviewing the Company's actions in furtherance of its corporate social responsibility, including ESG and philanthropic initiatives, including the impact of Company procedures and processes on associates, citizens and communities.

The Board is committed to the ongoing review of Board composition and director succession planning. The Board has had eight new directors since 2019, seven of whom were independent directors at the time of their appointment. If all director nominees are elected to serve as directors at this annual meeting, the average tenure of our Board will be 3.2 years.

In assessing new individuals to serve as directors and committee members, 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 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 are summarized on page 6 of this proxy statement and in the director biographies found on pages 7 through 9 of this proxy statement. The Company's corporate governance principles provide that the Board will be composed of members of diverse backgrounds and, in January 2022, the Board amended the charter of the Nominating & Governance Committee to include a commitment to have at least 50% of the Board be diverse and to provide that the initial pool of candidates for any Board vacancy shall consist of at least one woman and one person of color. The Nominating & Governance Committee considers the diversity of experience, background and expertise of the current directors and areas where new directors might add additional perspectives, as factors in the selection of Board nominees. As discussed on page 6 of this proxy statement, if all nine director nominees are elected to serve as our directors, four of our directors will be women (including our Executive Chair), four of our directors will be people of color and one of our directors will be a member of the LGBTQIA+ community. In connection with the use of a third-party search firm to identify external candidates who are qualified to serve as potential successors to the Chief Executive Officer, the Board will instruct such third-party search firm to take into consideration the Company's commitment to diversity as defined above.

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.

The Company engaged a search firm to assist the Nominating & Governance Committee in identifying and evaluating potential directors, and the search culminated in, based on the recommendations of the Nominating & Governance Committee, the Board's appointments of Messrs. Bogliolo and Rajlin as new independent directors effective on March 28, 2022.

The Nominating & Governance Committee also develops and recommends to the Board, and regularly reviews, a set of corporate governance principles for the Company to ensure they reflect evolving best practices, monitors compliance with those principles and stays abreast of developments in the area of corporate governance. The Nominating & Governance Committee also reviews and periodically makes recommendations to the Board regarding the structure, practices, policies and activities of the Board and its committees. Each Board committee's charter is reviewed at least annually. To ensure that the Board and its committees remain effective, the Nominating & Governance Committee oversees a robust annual evaluation of the Board and each of its committee and recommends ways to improve performance. At least annually, each of the Audit Committee, the HCC Committee and the Nominating & Governance Committee evaluates its own performance and reports to the Board on such evaluation. The full Board also engages in self-evaluation at least annually. The current members of the Nominating & Governance Committee are Ms. Bellinger (Chair), Ms. Lee and Messrs. Schottenstein and Symancyk. 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 held four meetings in fiscal year 2021.

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 Ms. Nash (Chair), Ms. Bellinger and Messrs. Morris and Steinour.

The Executive Committee held one meeting in fiscal year 2021.

Meetings of the Company's Non-Management Directors

The non-management directors and the independent directors of the Board meet in regular executive sessions. Ms. Nash previously served as the chair of those meetings when she was the independent Chair of the Board, but ceased doing so in February 2022 when she was appointed as Executive Chair. Executive sessions of our non-management directors and independent directors will now be led by Mr. Steinour, our Interim Lead Independent Director. Mr. Meslow and, since her appointment as Executive Chair on February 22, 2022, Ms. Nash, do not attend any meetings of the non-management directors or the independent directors.

Communications with Stockholders

The Board believes that it is important to understand stockholder perspectives on the Company and foster long-term relationships with stockholders and, to that end, we have a policy of robust engagement with stockholders, with continuing outreach to and dialogue with all of our major investors on a range of issues, including corporate governance matters and environmental and social goals and initiatives. Such engagements with investors have been highly constructive. The Board also provides a process for interested parties to send communications to the full Board, our Executive Chair, our Interim Lead Independent Director, the other non-management members of the Board and the members of the Audit Committee. Any director may be contacted by writing to him or her c/o Bath & Body Works, Inc., Three Limited Parkway, Columbus, Ohio 43230 or emailing at *boardofdirectors@bbw.com*. Any stockholder wishing to contact Audit Committee members may send an email to *auditcommittee@bbw.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 Chief Legal Officer, 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, other than Mr. Leslie H. Wexner and Ms. Abigail S. Wexner, each of whom retired from the Board effective on May 20, 2021, attended the 2021 annual meeting. 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 Chief Executive Officer 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.bbwinc.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 Secretary of the Company of any potential financial or commercial transaction, agreement or relationship involving the Company in which a director or executive officer, his or her immediate family members or a 5% beneficial owner of the Common Stock 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.

On July 14, 2021, the Company entered into a terms agreement (the "Underwriting Agreement") with Leslie H. Wexner and certain affiliated entities named therein (the "Selling Stockholders") and J.P. Morgan Securities LLC (the "Underwriter"). Under the terms of the Underwriting Agreement, the Selling Stockholders agreed to sell to the Underwriter 20,041,646 shares (the "Securities") of Common Stock in a registered public offering (the "Secondary Offering"). The Secondary Offering closed on July 19, 2021. On July 13, 2021, the Company entered into a Stock Repurchase Agreement (the "Stock Repurchase Agreement") with the Selling Stockholders and Abigail S. Wexner, pursuant to which the Company agreed to repurchase an aggregate of 10,000,000 shares of Common Stock from one of the Selling Stockholders for an aggregate purchase price of $730.1 million (the "Stock Repurchase"). The Company completed the Stock Repurchase on July 19, 2021. Mr. and Mrs. Wexner were members of the Board until May 20, 2021, and at the time of the foregoing transactions, Mr. Wexner was the beneficial owner of more than 5% of the Common Stock.

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, HCC Committee and Nominating & Governance Committee, are available on the Company's website at *www.bbwinc.com*. Stockholders may also request a copy of any such document from: Bath & Body Works, 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, 2023. Ernst & Young LLP has been retained as the Company's independent registered public accountants continuously since 2003.

The Audit Committee is responsible for the appointment, compensation, retention and oversight of the Company's independent registered public accountants. The Audit Committee is responsible for approving the fees associated with the Company's retention of Ernst & Young LLP. In accordance with the Commission's rules, Ernst & Young LLP's lead engagement partner rotates every five years. The Audit Committee is directly involved in the selection of Ernst & Young LLP's lead engagement partner. In addition, the Audit Committee evaluates Ernst & Young LLP's qualifications, performance and independence and presents its conclusions on these matters to the Board on at least an annual basis, and annually considers whether to continue its engagement of Ernst & Young LLP.

The members of the Audit Committee and the Board believe that the continued retention of Ernst & Young LLP to serve as the Company's independent registered public accountants is in the best interests of the Company and its stockholders. We are asking you to ratify Ernst & Young LLP's 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 pages 3 and 60 of this proxy statement.

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: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

Section 14A of the Securities Exchange Act of 1934, as amended (the ''Exchange 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 2017 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 year 2021 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 2021 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).''

Fiscal year 2021 was a year with strong momentum across both our stores and direct channels. Performance was driven by the exceptional efforts of our leadership team who delivered a merchandise assortment that resulted in a positive customer response and an increasingly loyal and growing customer base. This resulted in adjusted operating income that significantly exceeded expectations and goals set at the beginning of each of our seasons justifying above target payouts for our short-term performance-based incentive compensation. A substantial portion of the long-term incentives granted to our NEOs are subject to challenging performance requirements that will only be earned if the Company achieves rigorous growth, profitability and return metrics that provide incentive for a balance of growth and profitability, support the strategic direction of the Company, and alignment with the interests of our stockholders.

Fiscal year 2021 was yet another transformational year for our Company, as we successfully navigated the separation of Victoria's Secret & Co. into a separate, stand-alone business, creating long-term value for our stockholders. This transaction would not have been achievable without the leadership and expertise of our senior leadership team. In 2020, the HCC Committee approved special, one-time cash retention awards to certain executive officers in order to ensure long-term retention and continuity of key leadership during particularly turbulent times for our business brought on by the onset of the COVID-19 pandemic and uncertainty surrounding the form and timing for separating the Victoria's Secret business. These awards were a critical tool to ensure stability, the long-term health of our business and the preservation of stockholder value. In addition, Stuart B. Burgdoerfer, our former Executive Vice President and Chief Financial Officer, indicated his intention to retire in February 2021 and, at the request of the Board, agreed to continue in the role of Executive Vice President and Chief Financial Officer through the completion of the Separation to serve as the Company executive overseeing and leading the Separation process (including evaluating strategic options for the disposition of the Victoria's Secret business that would best serve stockholder interests and to ensure the successful completion of the Separation, as well as to minimize distraction for others of our leadership team who were performing critical roles for the business). In recognition of Mr. Burgdoerfer's continued leadership during this critical time, Mr. Burgdoerfer was provided with certain payments in fiscal year 2021, the terms of which are described in the ''Compensation Discussion and Analysis'' section beginning on page 26 of this proxy statement.

We remain committed to aligning executive compensation with performance and making decisions that drive our business goals and serve both the short- and long-term interests of our stockholders.

Although the advisory stockholder vote on executive compensation is non-binding, the HCC Committee has considered and will continue to consider the outcome of the vote and feedback received from stockholders when making future compensation decisions for NEOs. In 2021, 93.3% of the shares voting on the proposal voted in favor of our executive compensation program.

Please refer to the CD&A for a detailed discussion of the Company's executive compensation principles and practices and the fiscal year 2021 compensation of our NEOs.

Board Recommendation

There is alignment between our performance, our stockholders' interests and our NEOs' pay; therefore, the Board recommends a vote FOR this proposal.

PROPOSAL 4: APPROVAL OF THE BATH & BODY WORKS, INC. ASSOCIATE STOCK PURCHASE PLAN

The Board previously approved the Bath & Body Works, Inc. Associate Stock Purchase Plan on March 10, 2022 to be effective May 12, 2022, subject to stockholder approval. If approved, the initial offering period under the ASPP is expected to commence on January 1, 2023. The following is a summary of the material features of the ASPP and its operation. This summary does not purport to be a complete description of all the terms of the ASPP and is qualified in its entirety by reference to the full text of the ASPP, a copy of which is attached as Appendix A to this proxy statement.

Summary of the ASPP

The purpose of the ASPP is to provide eligible employees of the Company and the designated participating companies with an opportunity to acquire an interest in the Company through the purchase of Common Stock at a discount price through payroll deductions. The ASPP has two components: (i) one component that is intended to qualify as an ‘‘employee stock purchase plan’’ under Section 423 of the Internal Revenue Code (the ‘‘Code’’) (such component, the ‘‘423 Component’’); and (ii) the other component (the ‘‘Non-423 Component’’) which is not intended to qualify as an ‘‘employee stock purchase plan’’ under Section 423 of the Code. The Non-423 Component authorizes the HCC Committee to grant options to purchase Common Stock pursuant to the rules, procedures, or sub-plans adopted by the HCC Committee from time to time that may be designed to achieve certain tax, securities laws, or other objectives for eligible employees, as determined in the discretion of the HCC Committee.

Eligibility

Generally, all employees of the Company and participating companies designated by the HCC Committee who have completed six months of continuous employment are eligible to participate in the ASPP; provided that employees who own (or are deemed to own as a result of applicable attribution rules) stock constituting 5% or more of the total combined voting power or value of all classes of our stock or any of our subsidiaries are not permitted to participate in the ASPP. The HCC Committee may, in its discretion, exclude the following categories of employees from participation: (i) certain ‘‘highly compensated employees’’ (within the meaning of Section 414(q) of the Code); (ii) employees who customarily work 20 hours or less per week; (iii) employees whose customary employment is for not more than five months in any calendar year; or (iv) employees who have been employed less than two years. In addition, employees who are citizens or residents of a non-U.S. jurisdiction may be excluded from participation in the ASPP or an offering under the ASPP if the participation of such employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the ASPP or an offering to violate Section 423 of the Code. Non-employee directors of the Company are not eligible to participate in the ASPP. In the case of the Non-423 Component, eligible employees may be excluded from participation in the ASPP or an offering if the HCC Committee determines that participation of such eligible employees is not advisable or practicable.

The Board has determined that employees of the following subsidiaries and affiliates of the Company will be eligible to participate in the ASPP: Bath & Body Works Brand Management, Inc.; Bath & Body Works Direct, Inc.; Bath & Body Works, LLC; Bath & Body Works Logistics Services, LLC; beautyAvenues, LLC; L Brands Service Company, LLC; and Retail Store Operations, Inc. The HCC Committee has the discretion to designate the subsidiaries and affiliates of the Company that will be participating companies under ASPP. The HCC Committee also has the discretion to revoke any subsidiary or affiliate designated as a participating company at any time and from time to time.

Administration

The ASPP will be administered by the HCC Committee. Subject to the provisions of the ASPP, the HCC Committee will have full authority and discretion to construe and interpret the ASPP, prescribe, amend, and rescind rules relating to the administration of the ASPP, and take any other actions necessary or desirable for the administration of the ASPP including, without limitation, adopting sub-plans and special rules applicable to participating companies, which sub-plans or special rules may be designed to be a Non-Section 423 Component. The decisions of the HCC Committee are, to the full extent permitted by law, final and binding on all persons.

Shares Available for Issuance

An aggregate total of 2,400,000 shares of Common Stock will be reserved for issuance under the ASPP, subject to adjustment as provided in the ASPP (as described below). The Common Stock may be newly issued shares, treasury shares, or shares acquired on the open market. If any purchase of shares pursuant to an option under the ASPP is not consummated, the shares not purchased under such option will again be available for issuance under the ASPP. Any or all shares of Common Stock reserved for issuance under the ASPP may be granted under the Section 423 Component.

Enrollment and Participation

An eligible employee may elect to participate in the ASPP by completing an enrollment form before the start of an offering period, which may be written or electronic, and following the electronic or other enrollment procedures established by the HCC Committee. Participation in the ASPP is voluntary. Participating employees may generally contribute up to 10% of their eligible compensation to the ASPP. Eligible compensation for purposes of the ASPP generally means the employee's base salary or wages before deduction for any salary deferred contributions made by the employee to any tax-qualified retirement plan or non-qualified deferred compensation plan, but excludes cash or equity-based incentive compensation, bonuses, or other similar payments. The HCC Committee may change the definition of eligible compensation on a prospective basis. Contributions are made on an after-tax basis. A participant may not increase or decrease the participant's rate of payroll deductions for an offering period after such offering period begins. However, a participant may increase or decrease the participant's rate of payroll deductions for future offering periods by submitting a new enrollment form and following the procedures established by the HCC Committee.

No employee will be granted a right to purchase Common Stock under the ASPP (i) if such employee, immediately after such grant, would own stock constituting 5% or more of the total combined voting power or value of all classes of our stock or any of our subsidiaries or (ii) to the extent that the employee's rights to purchase stock under our ASPP accrues at a rate which exceeds $25,000 worth of Common Stock (determined by the fair market value of the shares at the time such purchase right is granted) for each calendar year in which the purchase right is outstanding. In addition, no employee will be permitted to purchase during each offering period more than 1,000 shares of Common Stock (or such other maximum number of shares as the HCC Committee may establish from time to time), subject to adjustment pursuant to the terms of the ASPP.

Withdrawal and Termination of Employment

A participant may withdraw from an offering by submitting a revised enrollment form indicating the participant's election to withdraw at least 30 days before the purchase date. Upon withdrawal, any amounts remaining in the participant's account which have not been used to purchase shares will be refunded to the participant as soon as administratively practicable. A participant who has withdrawn from an offering period may not participate again in that same offering.

Upon a participant's termination of employment for any reason or change in status to a non-eligible employee category prior to the purchase date, participation in the ASPP will immediately terminate. If the participant's termination or change in status occurs at least 30 days before the purchase date, the payroll deductions in the participant's account will be returned. If the termination or change in status occurs less than 30 days before the purchase date, the participant will not be treated as having withdrawn from the offering and the payroll deductions in the participant's account will be used to purchase shares of Common Stock on the purchase date, and the participant will withdraw from the next offering.

Offering Period

The ASPP provides for separate offering periods of up to 27 months in duration. The length of each offering period will be determined by the HCC Committee prior to the commencement of such offering period. The HCC Committee shall have, prior to the commencement of a particular offering period, the authority to change the duration, frequency, and start and end dates of the offering periods. Thus, there may be multiple purchase periods in any offering period. The Company may have more than one offering period in effect at any time. It is anticipated that the first offering period and first purchase period will be six months in duration, with new offering periods commencing on or about January 1 and July 1 of each year. If the ASPP is approved by the stockholders, the initial offering period under the ASPP is expected to commence on January 1, 2023.

Purchase Price and Shares Purchased

On the last trading day (i.e., any day on which the NYSE is open for trading) of each purchase period, the employee will be deemed to have exercised the right to purchase as many shares of Common Stock as the employee's payroll deduction will allow at the purchase price, subject to the limits set forth in the ASPP. The purchase price for each purchase period will be equal to 85% of the fair market value of our shares of our Common Stock on the last trading day of the applicable purchase period. The fair market value of our shares of Common Stock for purposes of the ASPP is the closing price of the shares on the NYSE on the day in question.

Adjustment Upon Changes in Capitalization; Dissolution or Liquidation; Corporate Transactions

In the event of any change in the structure of the Company affecting our shares of Common Stock, such as a dividend or other distribution (whether in the form of cash, shares, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares of Common Stock or other securities of the Company, or other similar event, the HCC Committee will make, in such manner as it may deem equitable, an appropriate adjustment in the number, class, and purchase price of shares available for purchase under the ASPP, and in the number of shares an employee is entitled to purchase.

In the event of a proposed dissolution or liquidation of the Company, unless otherwise determined by the HCC Committee, the offering period then in effect will be shortened by setting a new exercise date on which the offering period will end immediately before the proposed dissolution or liquidation. Alternatively, the HCC Committee may elect to terminate the current offering period in accordance with the ASPP.

In the event of a merger, consolidation, acquisition of property or stock, separation, reorganization or other similar corporate event, each outstanding right to purchase shares will be assumed or an equivalent right will be substituted by the successor corporation (or a parent or subsidiary of the successor corporation), unless the successor corporation refuses to assume or substitute the right to purchase. If the successor corporation refuses to assume or substitute the right to purchase, the offering period then in effect will be shortened by setting a new exercise date on which the offering period will end. Alternatively, the HCC Committee may elect to terminate the current offering period in accordance with the ASPP.

Transferability

No participant is permitted to assign, transfer, pledge, or otherwise dispose of either the payroll deductions credited to the participant's account or any rights regarding the exercise right to purchase our shares under the ASPP, other than by will or the laws of descent and distribution.

Amendment and Termination

The HCC Committee may, in its sole discretion, at any time and for any reason, amend, suspend or terminate the ASPP (subject to any applicable stockholder approval requirements). The ASPP will become effective on May 12, 2022 if approved by our stockholders and will continue for a term of 10 years following such effective date, subject to earlier termination at the discretion of the HCC Committee.

Federal Income Tax Consequences

The following is a summary of the general U.S. federal (and not local, state, or foreign) income tax consequences under the 423-Component based on current U.S. federal income tax law. The following discussion does not purport to be complete and does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which a participant may reside. The applicable tax law provisions and related regulations concerning these matters are complicated, and their impact in any one case may depend upon the circumstances. Eligible employees should consult their own tax advisors.

The rights of participants to make purchases under the 423-Component are intended to qualify under the provisions of Section 423 of the Code. Assuming such qualification, no income will be taxable to a participant at the time of grant of the right to purchase, or at the time of purchase, of the shares. However, a participant may become liable for tax upon the sale or other disposition of shares purchased under the ASPP, and the tax consequences will generally depend upon the holding period of such shares prior to the sale or other disposition.

If the shares are disposed of (i) more than two years after the date of the beginning of the offering period and (ii) more than one year after the shares are purchased in accordance with the ASPP (the ''option holding period''), the participant will generally recognize ordinary income upon the sale or other disposition of the shares equal to the difference between the fair market value of the shares on the applicable date of exercise and the option price. Any gain in excess of that amount will be characterized as capital gain. If the shares are disposed of prior to the expiration of the option holding period, the participant will recognize, as ordinary income, the difference between the fair market value of the shares on the applicable date of exercise and the option price. Any gain in excess of that amount will be characterized as capital gain and will qualify for long-term capital gain treatment if the shares have been held for more than one year following the exercise of the right to purchase. If the shares are sold for an amount that is less than their fair market value as of the exercise date, the participant will recognize ordinary income equal to the excess of the fair market value of the shares on the exercise date over the purchase price, and the participant may recognize a capital loss equal to the difference between the sales price and the value of such shares on the exercise date.

The Company will not be entitled to a federal income tax deduction with respect to the grant or exercise of an option unless the participant disposes of the shares acquired thereunder prior to the expiration of the option holding period. In that event, the employer corporation (the Company or a participating company) generally will be entitled to a federal income tax deduction equal to the amount of ordinary income recognized by the participant.

Registration with the SEC

If our stockholders approve the ASPP, we will file a registration statement on a Form S-8 with the Commission, as soon as reasonably practicable after such approval, to register the shares for issuance under the ASPP.

New Plan Benefits

The amounts of future purchases under the ASPP are not determinable because participation is voluntary, participation levels depend on each participant's elections and the restrictions of Section 423 of the Code and the ASPP, and the per-share purchase price depends on the future value of our shares of Common Stock.

Equity Compensation Plan Information

The following table presents certain information with respect to our equity compensation plans as of January 29, 2022, as required by Item 201(d) of Regulation S-K under the Exchange Act.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders[(1)]	5,211,136	$46.15[(2)]	13,452,369
Equity compensation plans not approved by security holders	—	—	—
Total	5,211,136	$46.15	13,452,369

(1) Includes the following plans: the 2020 Stock Option and Performance Incentive Plan; the 2015 Stock Option and Performance Incentive Plan (the "2015 Plan"); and the 2011 Stock Option and Performance Incentive Plan (the "2011 Plan"). There are no shares remaining available for grant under the 2015 Plan or the 2011 Plan.

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

The Board recommends a vote FOR the approval of the Bath & Body Works, Inc. Associate Stock Purchase Plan.

PROPOSAL 5: STOCKHOLDER PROPOSAL TO REDUCE THE OWNERSHIP THRESHOLD FOR CALLING SPECIAL MEETINGS OF STOCKHOLDERS

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

Proposal 5 – Special Shareholder Meeting Improvement

Shareholders ask our board to take the steps necessary to amend the appropriate company governing documents to give the owners of a combined 10% of our outstanding common stock the power to call a special shareholder meeting.

Shareholders need a more reasonable stock ownership to call a special shareholder meeting to help make up for the use of online shareholder meetings that give management more control at a shareholder meeting. The vast majority of 2021 online shareholder meetings dictated that absolutely no shareholders could speak.

Although it now takes a theoretical 25% of all shares to call for a special shareholder meeting, this translates into 32% of the Bath & Body Works shares that typically vote at the annual meeting. It would be hopeless to think that the shares that do not have time to vote at the annual meeting would have the time to take the special procedural steps to call for a special shareholder meeting.

32% of shares could represent the voice of well over 40% of shares when one considers that many shareholders may support the call for a special meeting but do not have the time for the paperwork or make minor, but disqualifying, paperwork errors which are easy to make.

Many companies provide for both a shareholder right to call a special shareholder meeting and a shareholder right to act by written consent. BBWI shareholders have no right to act by written consent.

Southwest Airlines and Target are companies that do not provide for shareholder written consent and yet provide for 10% of shares to call for a special shareholder meeting.

A reasonable shareholder right to call for a special shareholder meeting in our bylaws will help ensure that management engages with shareholders in good faith because shareholders will have a viable Plan B by calling for a special shareholder meeting. Our bylaws give no assurance that any shareholder engagement will take place.

Please vote yes:

Special Shareholder Meeting Improvement – Proposal 5

Our Response—Statement in Opposition to Stockholder Proposal to Reduce the Ownership Threshold for Calling Special Meetings of Stockholders

The Board has carefully considered the above proposal and believes that it is not in the best interests of our stockholders, and that our existing corporate governance practices, including the existing right of our stockholders to call a special meeting, ensure Board and management accountability to our stockholders. Consequently, the Board recommends a vote AGAINST the proposal.

Key Reasons to Vote Against this Proposal

- Our stockholders already have a meaningful right to call a special meeting – as few as three Company stockholders could reach our 25% threshold based on our ownership composition as of December 31, 2021.
- The 10% threshold that is proposed is lower than the majority of S&P 500 companies incorporated in Delaware that offer stockholders the right to call special meetings.
- The 10% threshold that is proposed could be reached by as few as one Company stockholder based on our ownership composition as of December 31, 2021, which could lead to abuse or unnecessary disruption.

- Special meetings require substantial expenses and resources that should only be called upon in extraordinary circumstances.
- We have strong corporate governance practices, including proxy access and an existing special meeting right, which afford stockholders powerful levers to hold directors accountable and pursue appropriate matters when necessary.

Our stockholders already have a meaningful right to call a special meeting.

Our Bylaws already provide that any stockholders who together own an aggregate of at least 25% of the outstanding shares of our Common Stock may call a special meeting. This threshold can be achieved by as few as three Company stockholders based on our ownership composition as of December 31, 2021. We believe this 25% threshold is appropriate and aligned with our stockholders' interests. Our 25% threshold is designed to strike the proper balance between ensuring that stockholders have the ability to call a special meeting to vote on matters that are important to a meaningful percentage of our stockholders that arise between annual meetings, while protecting against the risk that a small minority of stockholders could trigger the significant expense and disruption of a special meeting. A lower threshold could allow stockholders with narrow or special interests to pursue matters that are not widely viewed as requiring immediate attention or that are being pursued for reasons that may not be in the best interests of the Company or our stockholders generally.

Based on our analysis of S&P 500 companies incorporated in Delaware that allow stockholders to call special meetings, 25% is the most common ownership threshold. Based on our analysis of S&P 500 companies incorporated in Delaware that allow stockholders to call special meetings, we believe that the majority of S&P 500 companies that allow stockholders to call special meetings do not have an ownership threshold as low as 10%. We believe that we are therefore within the mainstream of special meeting rights at S&P 500 companies.

At a lower threshold, special-interest groups or potentially even a single stockholder could abuse the stockholder right to call a special meeting.

Given our heavily institutional stock ownership, the failure by a special meeting proponent to convince holders of at least 25% of the outstanding shares of our Common Stock to support a special meeting would be a strong indicator that most stockholders do not believe that a special meeting is warranted. Lowering the threshold for calling special meetings could allow disruptions by special-interest stockholder groups with agendas that are not in the best interests of the Company or of our stockholders generally.

Moreover, in addition to our 25% ownership threshold for special meetings to be called by our stockholders, special meetings of stockholders may be called by the Chair of the Board, the Vice Chair of the Board, if any, or in the case of the death, absence or disability of the Chair of the Board, by certain executive officers of the Company, each of whom has a fiduciary duty under the law to act in the best interests of the Company and our stockholders as a whole. The proposal's 10% ownership threshold would permit a small group of stockholders (or even a single stockholder) who have no duty to act in the best interests of the Company or our stockholders at-large to use the extraordinary measure of a special meeting to serve a potentially narrow self-interest. Such a low threshold gives a small minority of stockholders the unlimited power to call a special meeting and opens the door to potential abuse and waste of corporate resources.

Special meetings require substantial expenses and resources.

Special meetings are generally intended for extraordinary company business, such as when fiduciary or strategic considerations require that the matter be addressed on an expeditious basis that cannot wait until the next annual meeting of stockholders. Given our size and the number of our stockholders, a special stockholder meeting is a significant undertaking that requires substantial company expense and Board and management resources. These expenses and resources are required whether we hold a special meeting in-person or virtually, and we historically have held our stockholder meetings in person.

We must pay to prepare, print and distribute disclosure documents to our stockholders, solicit proxies, hold the meeting and tabulate votes. In addition, the Board and management must divert time and focus from their responsibility of managing the Company on behalf of all stockholders to prepare for and conduct the special meeting. Such time and focus are appropriate if a reasonably large representation of our stockholders support holding a special meeting. However, a low 10% threshold risks that special meetings will be called for reasons not in the best interests of our stockholders generally, therefore detracting from our Board's and management's primary focus of maximizing long-term financial returns for our stockholders and leading and operating our business in the best interests of our stockholders.

Our existing corporate governance practices and policies ensure Board accountability and are responsive to the concerns of our stockholders.

The proposed 10% threshold not only enables a small minority of our ownership to force the Company to take what is an extraordinary action, but such a low threshold is unnecessary in light of our existing corporate governance practices and our demonstrated, ongoing commitment to engagement with our stockholders. As discussed under "PROPOSAL 1: ELECTION OF DIRECTORS—Corporate Governance Highlights" on page 5 of this proxy statement and "PROPOSAL 1: ELECTION OF DIRECTORS—Communications with Stockholders" on page 15 of this proxy statement, our current corporate governance practices reflect the Board's dedication to being responsive and accountable to our stockholders.

Fostering long-term relationships with our stockholders and maintaining their trust is a priority for the Board. Engagement with our stockholders helps the Board gain useful feedback on a wide variety of topics, including corporate governance, as well as executive compensation, ESG matters, business strategy and performance and related matters. In fiscal 2021, we solicited engagement meetings with more than 80 of our stockholders representing more than two-thirds of our shares of Common Stock outstanding as of December 31, 2021, as well as meetings with other key stakeholders. In addition, on July 16, 2021, we hosted a virtual investor meeting in advance of the previously announced separation of Bath and Body Works and Victoria's Secret so as to engage our stockholders on a matter of importance to them. Members of the executive leadership team of Bath & Body Works attended the meeting and there was a robust question and answer session with our stockholders. Our Senior Vice President, Investor Relations attends every regular Board meeting and provides our Board members with timely feedback received from our stockholders. We believe these meetings strengthen our relationship with our stockholders and reinforce our commitment to incorporate stockholder feedback into various decisions made by the Board and management.

The Board is committed to good corporate governance and regularly reviews our practices, corporate governance developments and stockholder feedback to ensure continued effectiveness. These corporate governance practices include the following:

- All of our directors are elected annually.
- All of our directors are elected by a majority of votes cast (in uncontested elections).
- Our governance documents include no supermajority voting requirements.
- Our Bylaws include proxy access rights.
- Each of our Board committees (other than our Executive Committee) is composed entirely of independent directors.
- We maintain robust stock ownership requirements for our named executive officers and directors.
- We maintain an extensive stockholder engagement program.
- As mentioned above, our stockholders already have the ability to call a special meeting under our Bylaws.

In light of the strong corporate governance practices and stockholder rights we have in place, including the right for stockholders holding at least 25% of the outstanding shares of our Common Stock to call a special meeting of stockholders, the Board believes that adoption of this stockholder proposal is unnecessary and is not in the long-term interests of our stockholders.

The Board Recommends a Vote AGAINST the Stockholder Proposal to Reduce the Ownership Threshold for Calling Special Meetings of Stockholders.

COMPENSATION-RELATED MATTERS

Compensation Discussion and Analysis

Executive Summary

The transformation of our business, by the sale or spin-off of the Victoria's Secret business, started in 2020 and culminated in August 2021 with the successful separation of L Brands, Inc. into Bath & Body Works, Inc. and Victoria's Secret & Co. as separate, standalone public companies. The Separation enables Bath & Body Works to pursue growth strategies best suited to our customer base and strategic objectives, with a goal to return the highest value to our stockholders.

Bath & Body Works is a segment leader focused on home fragrance, body care products, and soaps and sanitizer products. We have a demonstrated record of consistent sales and operating income growth, as well as a proven ability to respond quickly to evolving customer tastes with a high-speed sourcing and logistics model. With high global brand awareness and an increasingly loyal and growing customer base, we believe we are well positioned for continued growth in North America, as well as globally.

Our success is built on the leadership of our executive team with significant retail industry experience. For fiscal year 2021, our NEOs are as follows:

- Andrew M. Meslow, Chief Executive Officer.
- Wendy C. Arlin, Executive Vice President and Chief Financial Officer.
- James L. Bersani, President, Real Estate.
- Julie B Rosen, President.
- Deon N. Riley, Chief Human Resources Officer.

In addition, Stuart B. Burgdoerfer, our former Executive Vice President and Chief Financial Officer, is considered an NEO for fiscal year 2021 under the Commission's rules. Mr. Burgdoerfer indicated his intention to retire in February 2021 and, at the request of the Board, agreed to continue in the role of Executive Vice President and Chief Financial Officer through the completion of the Separation to serve as the Company executive overseeing and leading the Separation process. From February 2021 through the completion of the Separation, Mr. Burgdoerfer performed critical roles for the Company, including (i) evaluating strategic options for the disposition or separation of the Victoria's Secret business that would best serve stockholder interests, (ii) together with Sarah E. Nash, the Board Chair, meeting with external advisors and potential acquirers related to the separation of the Victoria's Secret business, and (iii) leading the Separation team to ensure the successful completion of the Separation while minimizing distraction for other members of our leadership team who were performing critical roles for the business.

In August 2021, Ms. Arlin was promoted to the position of Executive Vice President and Chief Financial Officer. Prior to that, Mr. Arlin served as the Company's Corporate Controller, a position she held since joining the Company in 2005.

Fiscal Year 2021 Overview

During fiscal year 2021, our leadership team successfully navigated the challenge of transforming the business during a global pandemic, positioning our brand for success. The leadership team was keenly focused on operating the business in a manner that served the best interests of our stockholders, associates, partners, customers and communities, including:

- Establishing Bath & Body Works as a standalone public company while continuing to drive profitable growth, reducing debt leverage and delivering additional value to stockholders through dividends and share repurchases.
- Continuing to navigate the pandemic, adapting to changing regulations, pandemic guidance and safety protocols.
- Assessing and reacting quickly to a dynamic and challenging economic environment, including inflationary pressures, labor shortages and global supply chain challenges.
- Ensuring the retention and leadership stability of our NEOs who are critical to the execution of our business strategy during a period of significant change and uncertainty.

Pay for Performance

As a specialty retailer, we must constantly adapt our business in order to enable growth and create value for our stockholders. Our focus is on speed and agility, in support of deliberate change. Our compensation program reflects this philosophy, increasing compensation when performance is strong and decreasing compensation when performance does not meet our, or our stockholders', expectations. The HCC Committee oversees our compensation program, ensuring that pay is aligned with performance. We believe the structure of our compensation program fosters a culture of high performance and accountability and promotes long-term sustainable stockholder value creation.

Fiscal year 2021 was a year with strong momentum across both our stores and direct channels with performance exceeding expectations, as reflected in the short-term cash incentive payments for the year. Performance was driven by the exceptional efforts of our leadership team who delivered a merchandise assortment that resulted in a positive customer response and an increasingly loyal and growing customer base.

We achieved the following results during fiscal year 2021:

- Earnings per diluted share from continuing operations of $3.94 compared to $3.07 in 2020, and adjusted earnings per diluted share from continuing operations of $4.51 compared to $3.12 in 2020.[(1)]
- Net sales from continuing operations increased $1.448 billion to $7.882 billion, representing 22% growth.
- Operating income increased $405 million to $2.009 billion compared to $1.604 billion in 2020; and the operating income rate increased by 60 basis points to 25.5%.
- Total stockholder return was 67%.[(2)]
- Continued transformation of our business by completing the Separation and establishing Bath & Body Works as a standalone public company.

(1) Adjusted earnings per diluted share from continuing operations is a non-GAAP supplemental financial measure. The reconciliation of the adjusted measure to the comparable GAAP measure is on page 29 of the 2021 10-K.

(2) Total stockholder return assumes the reinvestment of dividends and the adjustment of the Company's stock prices prior to August 3, 2021 to give effect to the Separation.

These results were achieved through the significant efforts and leadership of our NEOs whose compensation is closely linked to the strong performance we achieved in fiscal year 2021.

Compensation-related Governance Practices

We believe that our corporate governance principles reflect best practices to promote our stockholders' interests:

WHAT WE DO:

✓ We align our NEO pay with performance and grant incentive awards based on actual results and achievements.
✓ We maintain a clawback policy as described under the heading "—Compensation Governance—Recovery of Compensation."
✓ We maintain robust stock ownership guidelines for our NEOs and directors. See below under the heading "—Executive Compensation Philosophy—Executive and Director Stock Ownership Guidelines."
✓ Our equity incentive plan requires a minimum vesting period of at least one year, subject to certain exceptions.
✓ We use appropriate peer group comparisons when determining compensation.
✓ We mitigate undue business risk in compensation programs and perform an annual compensation risk assessment.

WHAT WE DON'T DO:

✘ No tax gross-ups for NEOs to cover excise taxes under Section 4999 of the Code.
✘ No hedging and short-selling of Company securities under our Insider Trading Policy.
✘ No pledging of Company stock without advance approval by our Chief Legal Officer. None of the Company's stock held by our NEOs or Board members is pledged.
✘ No re-pricing of stock options without stockholder approval.
✘ No single-trigger vesting of non-Board member equity awards upon a change in control.
✘ No payments of dividends on unearned awards.

2022 Leadership Changes

As discussed earlier in this proxy statement, in February 2022, Mr. Meslow announced that he will be stepping down as our Chief Executive Officer and as a member of our Board, effective as of May 12, 2022, due to health reasons. In connection with this announcement, and to facilitate a smooth transition, the Board appointed Ms. Nash to serve as Executive Chair, effective February 22, 2022, and as Interim Chief Executive Officer, effective upon Mr. Meslow's departure on May 12, 2022.

In recognition of Ms. Nash's continued leadership as Chair of the Board in facilitating the successful separation of Victoria's Secret & Co. from the Company in August 2021, and in light of her appointment as Executive Chair and Interim Chief Executive Officer, as well as the critical importance of retaining Ms. Nash for an extended period to support the Company's continued growth and success after the Separation, on March 10, 2022, the Board approved a one-time award of restricted stock units to Ms. Nash having an aggregate grant date compensation value of $18 million (the "Nash Award"). The Nash Award was granted under the Company's 2020 Stock Option and Performance Incentive Plan (the "2020 Plan") and is scheduled to vest in three approximately equal annual installments, subject generally to Ms. Nash's continued service as a member of the Board through each vesting date. The Nash Award was unanimously approved by the independent members of the Board following the unanimous recommendation of the HCC Committee. In connection with Ms. Nash's role as Executive Chair and Interim Chief Executive Officer, she may receive other customary compensation arrangements, which may include a base salary and short-term incentive compensation opportunity, and such arrangements will be evaluated and determined in due course.

Ms. Nash has served as a member of the Board since 2019 and as independent Chair of the Board from May 2020 through February 21, 2022. During that time, the Board believes that she has provided unparalleled leadership and support to the Company through a period of significant uncertainty, transition and transformation. The Board believes that Ms. Nash has been, and will continue to be, critical to the Company's successful transformation during an uncertain and challenging business environment, including in connection with navigating the Company through the COVID-19 global pandemic, leading a Chief Executive Officer transition process in 2020 and providing leadership and direction following the Board's decision to separate the Bath & Body Works and Victoria's Secret businesses. Under Ms. Nash's leadership, the Company's management team focused on the Company's business operations while Ms. Nash and Mr. Burgdoerfer directed the successful Separation. The Board also believes that Ms. Nash will be instrumental in positioning the Company for long-term future growth and success as a standalone public company, including as the Company commences another Chief Executive Officer transition with Ms. Nash serving as Interim Chief Executive Officer. The Board further believes that the Nash Award was a prudent action to help ensure Ms. Nash's continued retention and support, as well as the stability of the Company's leadership team during this new period of transition for the Company.

Stockholder Advisory Vote and Stockholder Engagement

At our 2021 annual meeting of stockholders, 93.3% of the shares voting voted in favor of our executive compensation program. The HCC Committee carefully considers this advisory vote and other stockholder feedback and discusses our executive compensation program and the voting results with Willis Towers Watson, the HCC Committee's independent compensation consultant, including when making compensation decisions for NEOs. We have a policy of robust engagement with stockholders, with continuing outreach to, and dialogue with, our major investors on a range of issues, including executive compensation matters. In fiscal year 2021, we solicited engagement meetings with more than 80 of our stockholders representing more than two-thirds of our shares outstanding as of December 31, 2021, as well as meetings with other key stakeholders. As indicated by the high level of support for our executive compensation program in 2021, the feedback from stockholders in 2021 regarding our executive compensation program and compensation decisions made in 2020 indicated understanding and support for our compensation design outcomes. The HCC Committee, with the assistance of Willis Towers Watson, continues to evaluate our compensation program design. We believe that our compensation program reflects the feedback and ongoing support of our stockholders, and is competitively driven and aligns the interests of our NEOs with our long-term goals and the interests of our stockholders without incenting inappropriate risk taking.

The HCC Committee is committed to continued engagement with our stockholders to understand their viewpoints and to discuss and demonstrate the important connection between our executive compensation program and our business strategy, goals and performance.

Executive Compensation Philosophy

Guiding Principles

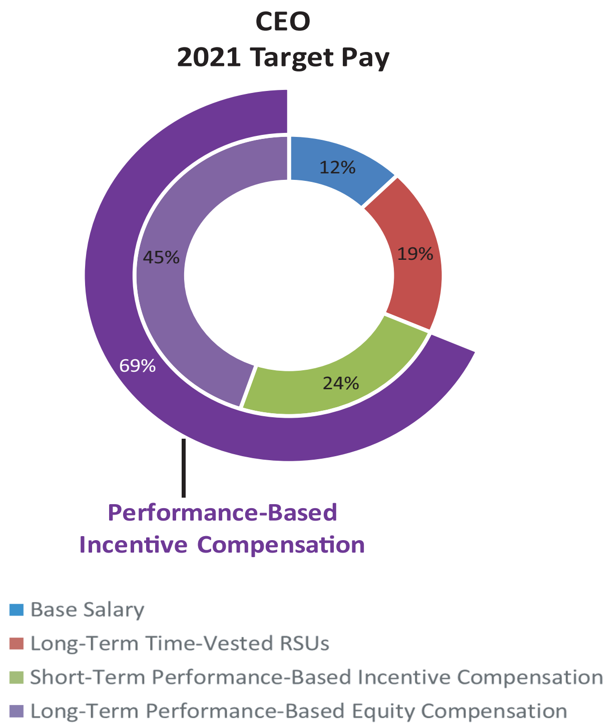
The HCC Committee oversees an executive compensation program based on the following clear and purposeful guiding principles:

Compensation Component	Our Principles
Pay Level	• Attract and retain superior leaders in a 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 equity-based compensation over fixed compensation.
Pay for Performance	• Recognize and reward enterprise and individual performance. • Utilize performance metrics that closely align executives' interests with stockholders' interests. • Require NEOs to own a significant amount of our Common Stock. • Set Spring and Fall goals that 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 growth strategy. • Retain and incent high-performers through long-term equity incentive awards.

Connecting Pay and Performance

There are two key elements of our executive compensation program design that connect pay to performance. First, our incentive goals are designed to challenge our NEOs to achieve a high level of performance to earn incentives at target levels. When our NEOs meet and exceed, or fall short of, these goals, we compensate them accordingly.

Second, to further connect our Chief Executive Officer's pay to performance and stockholder interests, we employ a pay mix philosophy that places greater emphasis on performance-based incentive compensation over non-performance-based base salary and restricted stock units. The following chart illustrates our pay mix philosophy showing a higher percentage of performance-based incentive compensation. The percentage of our Chief Executive Officer's performance-based incentive compensation relative to his total target compensation in fiscal year 2021 (68%) decreased from the percentage in fiscal year 2020 (84%), which was due to the fact that Mr. Meslow received a significant, one-time performance share unit award in fiscal year 2020 in connection with his promotion to Chief Executive Officer. We believe that the mix of performance-based incentive compensation provided to Mr. Meslow in fiscal year 2021 reflects our normalized pay mix philosophy and our strong emphasis on providing pay-for-performance.



Compensation Comparison

We review our NEO compensation against publicly available data on executive compensation, including the executive compensation paid by a group of peer companies, in order to evaluate our compensation competitiveness, establish the appropriate competitive positioning of the levels and mix of our NEO compensation elements and ensure we are properly attracting, retaining and incenting highly talented executives who are critical to executing our strategy and business plan.

The HCC Committee selects our peer group used for compensation comparisons (the ''Compensation Peer Group'') in consultation with Willis Towers Watson to generally include a balanced mix of the following criteria:

- Businesses that are similar in size and scope (using criteria such as total revenue, market capitalization, global footprint, business and/or merchandise focus);
- Retailers that compete with us for executive talent; and
- Companies with similar talent and business model characteristics.

During 2021, the HCC Committee re-evaluated our Compensation Peer Group, applying these criteria to Bath & Body Works as a standalone public company. Following this review, our Compensation Peer Group consisted of the following companies for fiscal year 2021:

Abercrombie & Fitch Co.	Foot Locker, Inc.	Sally Beauty Holdings, Inc.
American Eagle Outfitters, Inc.	The Gap Inc.	The Estee Lauder Companies Inc.
Big Lots, Inc.	lululemon athletica inc.	Tractor Supply Company
Burlington Stores, Inc.	Newell Brands Inc.	Ulta Beauty, Inc.
Coty Inc.	Ralph Lauren Corporation	Victoria's Secret & Co.
Dick's Sporting Goods, Inc.	Revlon, Inc.	Williams-Sonoma, Inc.

We do not specifically set our NEOs' compensation against our Compensation Peer Group. Instead, we consider peer group comparisons provided by Willis Towers Watson as one of several factors in applying our pay philosophy and setting the pay of our NEOs. The Compensation Peer Group used for compensation comparisons differs from the peer group used to evaluate performance under performance stock units granted to our NEOs early in fiscal year 2021 (the ''Performance Peer Group''). A description of the Performance Peer Group is included under the heading ''—Compensation for NEOs—Long-Term Equity Compensation—Performance Stock Units.''

Executive and Director Stock Ownership Guidelines

The HCC Committee encourages and mandates Common Stock ownership by our NEOs through stock ownership guidelines that promote a long-term focus on stock performance, discourage inappropriate risk-taking and further align the interests of our NEOs with those of our stockholders. Stock ownership guidelines can be met through direct ownership of Common Stock and indirect ownership through both grants of stock-based awards under our stock incentive plans and Common Stock held through retirement plans.

Our Chief Executive Officer is required to achieve and maintain ownership of Common Stock with a value of five times the Chief Executive Officer's base salary, and each other NEO is required to achieve and maintain ownership of Common Stock with a value of three times such NEO's base salary. Our NEOs are required to achieve these ownership levels within five years of becoming subject to the ownership guidelines. All of our NEOs are either in compliance with the guidelines or are on track to comply with the guidelines within the required time frame.

During fiscal year 2021, the stock ownership guidelines applicable to members of our Board were changed from a share-based threshold to more traditional guidelines. Specifically, members of our Board are now required to maintain ownership of at least five times their annual cash retainer within five years of becoming subject to the guidelines. All members of our Board are either in compliance with the guidelines or are on track to comply with the guidelines within the required time frame.

Compensation for NEOs

Compensation Setting Process

The HCC Committee makes all decisions regarding Chief Executive Officer compensation with advisory input from Willis Towers Watson. Our Chief Executive Officer recommends, and the HCC Committee approves, compensation for the other NEOs. The HCC Committee oversees the evaluation process and compensation structure for all NEOs and approves all grants of stock awards to our NEOs. In making compensation decisions for our NEOs, the HCC Committee takes into consideration input, recommendations and market-based analyses provided by both management and Willis Towers Watson.

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.

Compensation Components

The three principal elements of our executive compensation programs are base salary, short-term performance-based incentive compensation and long-term equity incentive compensation. Each NEO's base salary is set considering multiple factors described below. For fiscal year 2021, all of our NEOs (other than Mr. Burgdoerfer with respect to our long-term equity incentive compensation program for the reasons discussed below) participated in the same short-term performance-based incentive compensation program and long-term equity incentive compensation program.

In addition to these three principal elements of compensation, the Company provides our NEOs health and welfare, retirement and other post-employment benefits and limited perquisites. Also, during fiscal year 2021, Messrs. Meslow, Bersani and Burgdoerfer and Mses. Arlin and Riley received payment of a portion of special one-time cash retention awards approved by the HCC Committee during fiscal year 2020. These awards were granted during particularly turbulent times for our business brought on by the onset of the COVID-19 pandemic and uncertainty surrounding the form of sale or separation and timing for separating the Victoria's Secret business, and were designed to ensure long-term engagement and retention of our leadership team during this uncertain and transformative period. Additional information about each compensation component is provided below.

Base Salary

The following factors are considered in determining any base salary adjustments for our NEOs:

- 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; and
- The appropriate balancing of our NEOs' base salary against their incentive compensation.

Based on these factors, our NEOs' base salaries were adjusted during fiscal year 2021 as follows:

NEO	2020 Base Salary ($)	2021 Base Salary ($)	% Increase
Mr. Meslow	1,275,000	1,350,000	5.9%
Ms. Arlin	N/A	750,000	N/A
Mr. Bersani	800,000	840,000	5.0%
Ms. Rosen	850,000	870,000	2.4%
Ms. Riley	750,000	760,000	1.3%
Mr. Burgdoerfer	1,200,000	1,200,000	0.0%

The HCC Committee set Ms. Arlin's base salary at $750,000 effective upon her promotion announcement to Executive Vice President and Chief Financial Officer in August 2021. Mr. Burgdoerfer did not receive a base salary adjustment in 2021 as a result of his announced retirement in February 2021.

Short-Term Performance-Based Incentive Compensation

Short-term performance-based incentive compensation is paid in cash pursuant to the 2015 Cash Incentive Compensation Performance Plan (the ''2015 ICPP''). This compensation component focuses on achievement of six-month goals, reflecting our two selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters). The Fall season, which includes holiday sales, is weighted more heavily at 60% because of its importance to our profitability. The use of two six-month performance periods in our plan design reflects our belief that achievement of our short-term goals season after season creates long-term value for our stockholders.

The pre-established, objective financial goals for fiscal year 2021 were:

- For the Spring season, which preceded the completion of the Separation, based on the operating income for the Victoria's Secret and/or Bath & Body Works segments, weighted as applicable as reflected in the table below, which excluded unallocated corporate overhead costs consistent with the Company's historical segment presentation.

Named Executive Officer	Weighting of Spring Season Bath & Body Works Segment Operating Income	Weighting of Spring Season Victoria's Secret Segment Operating Income
Mr. Meslow	87.5%	12.5%
Ms. Arlin	50%	50%
Mr. Bersani	50%	50%
Ms. Rosen	100%	—
Ms. Riley	100%	—
Mr. Burgdoerfer	12.5%	87.5%

- For the Fall season, which followed the Separation, based 100% on the Company's adjusted operating income, and excluding unallocated corporate overhead costs.

The HCC Committee used operating income because it is a performance measure over which executives can have significant impact and is also directly linked to the Company's long-term growth plan and performance that drive stockholder value. Corporate overhead costs were excluded from the Fall season targets because these costs were historically shared with the Victoria's Secret business.

The HCC Committee sets the operating income goals at the beginning of each six-month season based on:

- An analysis of historical performance;
- The overall economic environment including financial results of other comparable businesses; and
- Progress toward achieving our strategic plan.

The tables below show the Spring season segment operating income goals and the Fall season adjusted operating income goal for fiscal year 2021 required to earn short-term performance-based incentive compensation at target and actual performance:

Spring Season

	Bath & Body Works Segment	Victoria's Secret Segment
Operating Income Goal	$425 million	$125 million
Actual Performance	$811 million	$477 million

Fall Season

	Bath & Body Works, Inc.
Adjusted Operating Income Goal[1]	$1,260 million
Actual Performance[1]	$1,361 million

(1) Adjusted operating income is a non-GAAP financial measure that reflects our operating income excluding certain special items and unallocated corporate overhead costs. Attached as Appendix B is a reconciliation of the Fall 2021 adjusted operating income for purposes of the plan to Fall 2021 operating income for Bath & Body Works, Inc. following the Separation, as well as other important disclosures regarding non-GAAP financial measures.

Fall season goals were set slightly below prior year actual results to account for inflationary cost increases, including increases in raw material, distribution and labor costs, as well as to provide meaningful incentive against prior year performance that was positively impacted by COVID-19 pandemic stimulus. However, the HCC Committee believes incentive goals for both seasons were still set at challenging and meaningful levels, particularly when considering the difficulty of consistently beating record-setting results year after year. When evaluating operating income goals, the HCC Committee compares the change in operating income relative to the change in the incentive payments to associates to ascertain the reasonableness of the potential payout.

The table below shows the range of performance goals as a percentage of target for threshold and maximum payout:

Spring		Fall	
Threshold	Maximum	Threshold	Maximum
88%	112%	87%	112%

Performance between threshold and target and target and maximum is interpolated to determine the payout percentage beginning at 20% for threshold performance up to 200% at maximum performance.

Short-term performance-based incentive compensation targets are set as a percentage of base salary with the amount earned ranging from 0% to 200% of the target incentive, based on the extent to which financial goals are achieved.

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 providing incentive for our NEOs to produce record-breaking success year after year, thereby fueling long-term growth and value creation for our stockholders.

The table below shows the target percentage of base salary for each NEO during fiscal year 2021:

NEO	Fiscal Year 2021 Target (as a % of Base Salary)
Mr. Meslow	190%
Ms. Arlin	90%(1)
Mr. Bersani	140%
Ms. Rosen	115%
Ms. Riley	80%
Mr. Burgdoerfer	180%

(1) Ms. Arlin's target percentage of base salary was effective upon her promotion announcement to Executive Vice President and Chief Financial Officer.

The HCC Committee approved an increase to the short-term incentive target percentage of base salary for Mr. Meslow from 185% for fiscal year 2020 to 190% for fiscal year 2021 to recognize his significant contributions leading our Company through the ongoing challenges brought on by the COVID-19 pandemic and the Separation with extraordinary results.

Payouts for fiscal year 2021 performance are set forth below and in the ''Non-Equity Incentive Plan Compensation'' column of the 2021 Summary Compensation Table below.

Total Fiscal Year 2021 Incentive Payout

	Fiscal Year 2021 Target Incentive ($)	Fiscal Year 2021 Spring Incentive Payout ($)	Fiscal Year 2021 Fall Incentive Payout ($)	Total Fiscal Year 2021 Payout ($)	Percent of Fiscal Year 2021 Target (%)
Mr. Meslow	2,565,000	2,052,000	2,573,208	4,625,208	180%
Ms. Arlin(1)	638,308	466,615	677,160	1,143,775	179%
Mr. Bersani	1,176,000	940,800	1,179,763	2,120,563	180%
Ms. Rosen	1,000,500	800,400	1,003,702	1,804,102	180%
Ms. Riley	608,000	486,400	609,946	1,096,346	180%
Mr. Burgdoerfer	2,160,000	1,728,000	0(2)	1,728,000	80%

(1) Ms. Arlin's payout was pro-rated based on the number of days that her base salary and incentive target percentage were in effect before and after her promotion announcement.

(2) In light of his retirement in August 2021, Mr. Burgdoerfer did not receive a payout for the Fall season.

Through the exceptional leadership of our NEOs, we achieved record-setting sales results in fiscal year 2021. The results were driven by positive customer response to our merchandise. We experienced growth in net sales for fragrant body care, home fragrance as well as gifting and accessories that more than offset for the expected decline in net sales of soaps and sanitizers. This resulted in adjusted operating income that significantly exceeded expectations and goals set at the beginning of each season justifying above target payouts.

Mr. Burgdoerfer's fiscal year 2021 target incentive amount was $2,160,000. Mr. Burgdoerfer's actual fiscal year 2021 payout for the Spring season was $1,728,000; Mr. Burgdoerfer did not receive an incentive payout for the Fall season in light of his retirement in August 2021. In recognition of Mr. Burgdoerfer's continued service as our Executive Vice President and Chief Financial Officer until August 2021 and his significant leadership and contributions as the Company executive overseeing and leading the Separation process, Mr. Burgdoerfer was provided a special, one-time cash bonus payment of $2,000,000 in August 2021, which payment was conditioned on the actual occurrence of the Separation. The payment of this Separation completion bonus was also subject to Mr. Burgdoerfer's compliance with applicable restrictive covenants, his execution of a release of claims in favor of the Company (which he was not otherwise contractually committed to provide) and his agreement to cooperate with the Company in connection with certain matters in which he was involved or had knowledge during his employment.

Long-Term Equity Compensation

During fiscal year 2021, we granted stock awards to our NEOs (other than Mr. Burgdoerfer) under the 2020 Plan, which was approved by our stockholders at our 2020 annual meeting of stockholders.

Performance Stock Units

Performance stock units (''PSUs'') incent executive performance through the achievement of challenging growth and profitability metrics that closely align the long-term interests of our executives with those of our stockholders. For our NEOs' 2021 PSU awards, the two equally weighted metrics are (i) revenue growth relative to a designated peer group and (ii) cumulative operating income as a percentage of cumulative sales (operating income margin). These metrics were chosen by the HCC Committee because they align with the strategic direction of the Company and provide a balance between growth and profitability metrics. Performance for awards granted in fiscal year 2021 will be evaluated based on performance over a three-year performance period, starting with fiscal year 2021 through the end of fiscal year 2023.

The specific targets are as follows:

	Payout Percentage	3-Year Revenue Growth Relative to Performance Peer Group (50% Weighting)	3-Year Operating Income Margin (50% Weighting)
Threshold	50%	30^{th} percentile	16%
Target	100%	50^{th} percentile	20%
Maximum	150%	90^{th} percentile	24%

Performance will be evaluated based on a scale, and payout will be interpolated between threshold, target and maximum levels.

The Performance Peer Group used to determine relative revenue growth performance achievement was selected, in consultation with Willis Towers Watson, based on companies that are generally similar to us in size and scope (using criteria such as total revenue, market capitalization, business and/or merchandise focus). The companies that comprise the Performance Peer Group for the 2021 PSUs are as follows:

Abercrombie & Fitch Co.	Hanesbrands Inc.	Sally Beauty Holdings Inc.
American Eagle Outfitters, Inc.	lululemon athletica inc.	Tapestry, Inc.
Big Lots, Inc.	Michael's Co. Inc.	The Estee Lauder Companies Inc.
Burlington Stores, Inc.	Newell Brands Inc.	Tractor Supply Company
Coty Inc.	Nu Skin Enterprises Inc.	Ulta Beauty Inc.
Designer Brands Inc.	Ralph Lauren Corporation	Williams Sonoma, Inc.
Foot Locker, Inc.	Revlon, Inc.	

Stock Options

Stock options by their nature are performance-based, aligning executive interests with stockholder interests by creating a direct link between compensation and stockholder return. Stock options granted in fiscal year 2021 vest over three years in two tranches: 50% two years from the grant date and 50% three years from the grant date, subject generally to continued employment through each such date. The exercise price is equal to the closing price of our Common Stock on the grant date (subject to equitable adjustment in connection with the Separation as described below under the heading ''Grants of Plan-Based Awards for Fiscal Year 2021'').

Restricted Stock Units

Restricted stock units (''RSUs'') are granted to ensure market competitiveness of the executive compensation package and to retain executives over the long-term. In connection with her promotion announcement to Executive Vice President and Chief Financial Officer, Ms. Arlin was granted RSUs as set forth below. In addition, the HCC Committee approved additional RSU awards to each of Mses. Arlin and Riley as set forth below to recognize their critical role and work above and beyond their regular duties in connection with the successful Separation. The HCC Committee also approved additional RSU awards for Ms. Rosen in recognition of her role driving the business and delivering on key initiatives, including re-designing and integrating product development into the merchant team and implementing an omni-channel assortment process, positioning the business for success and furthering stockholder interests. The RSU awards granted in March 2021 vest over three years in two tranches (50% two years from the grant date and 50% three years from the grant date), and the remaining RSU awards vest over three years in three tranches (30% one year from the grant date, 30% two years from the grant date and 40% three years from the grant date), in each case subject generally to continued employment through each such date.

Below is a summary of long-term equity incentive compensation, including PSUs, stock options and RSUs, awarded to our NEOs, during fiscal year 2021. In light of his announced retirement in February 2021, Mr. Burgdoerfer did not receive any long-term equity incentive compensation awards in fiscal year 2021.

	Target Value of Performance Stock Unit Award ($)	Value of Stock Option Awards ($)	Value of Time-Vested RSU Award(s) ($)	Total Fiscal Year 2021 Equity Award Value ($)
Mr. Meslow	3,396,370	1,903,973	2,048,175	7,348,518
Ms. Arlin	0	0	1,858,830	1,858,830
Mr. Bersani	485,216	272,009	292,610	1,049,835
Ms. Rosen	485,216	271,987	684,103	1,441,306
Ms. Riley	412,434	231,194	640,221	1,283,849
Mr. Burgdoerfer	0	0	0	0

Cash Retention Awards Granted in Fiscal Year 2020

Even without the disruption caused by the COVID-19 pandemic, we faced significant uncertainty and change that began in 2020 and continued into 2021. Fiscal year 2020 began with an agreement to sell 55% of the equity interests in Victoria's Secret. When the sale agreement was terminated, our efforts became entirely focused on navigating an extremely challenging business environment created by the pandemic, including retaining the leadership team necessary to navigate the business through the pandemic and execute on our strategic plan to operate Bath & Body Works and Victoria's Secret as separate businesses.

As previously disclosed in last year's CD&A, the HCC Committee determined that it was critical to retain Messrs. Meslow, Bersani and Burgdoerfer and Ms. Arlin through an extended period to ensure stability for our Company and our stockholders. In recognition of the fact that the executives' base salaries had been temporarily reduced by 20% during the temporary closure of our stores in response to COVID-19, their benefits under the Company's non-qualified deferred compensation plan had been terminated and their annual long-term equity incentive awards for fiscal year 2020 had been eliminated, and due to the uncertain treatment of outstanding stock awards under potential Separation scenarios, the HCC Committee granted special, one-time cash retention awards for Messrs. Meslow and Bersani and Ms. Arlin to ensure long-term retention and continuity of key leadership during particularly turbulent times for our business. The retention payments vested and were paid in three equal installments on January 31, 2021, July 31, 2021 and January 31, 2022.

These one-time cash retention awards were made in light of the turbulent business environment in which we were operating in fiscal year 2020 and were viewed as a critical tool during a period of significant uncertainty to retain our key leaders and to help ensure the successful completion of the Separation, the long-term health of our business and the preservation of stockholder value. In fact, since the time these retention awards were granted to our NEOs in May 2020, our adjusted stock price (i.e., taking into account the effect of the Separation on our stock price) has increased by approximately 539% (from a closing price of $8.78 on May 15, 2020 to a closing price of $56.07 on January 31, 2022, the date the final installment of the awards vested).

	Cash Retention Awards		
	First Installment on 1/31/2021 ($)	Second Installment on 7/31/2021 ($)	Third Installment on 1/31/2022 ($)
Mr. Meslow	2,000,000	2,000,000	2,000,000
Ms. Arlin	248,000	248,000	248,000
Mr. Bersani	750,000	750,000	750,000

Mr. Burgdoerfer was also granted a cash retention award during fiscal year 2020 at the same time as the other NEOs noted above, pursuant to which payments of $1,500,000 vested and were paid on each of January 31, 2021 and July 31, 2021. In recognition of Mr. Burgdoerfer's agreement to continue to provide exceptional leadership and critical assistance as our Executive Vice President and Chief Financial Officer and as the Company executive overseeing and leading the Separation process, as well as to assist in transitioning his role as Chief Financial Officer to Ms. Arlin in connection with and following his retirement, the HCC Committee determined that it was appropriate to provide Mr. Burgdoerfer with the final installment of his retention award in the amount of $1,500,000 on January 31, 2022. The payment of the final installment of this award was also conditioned upon Mr. Burgdoerfer's compliance with applicable restrictive covenants, his execution of a release of claims in favor of the Company (which he was not otherwise contractually committed to provide) and his agreement to cooperate with the Company in connection with certain matters in which he was involved or had knowledge during his employment.

Payments earned during fiscal year 2021 are disclosed in the 2021 Summary Compensation Table. The final installments of these awards paid on January 31, 2022 will be disclosed in our 2022 Summary Compensation Table for our NEOs for fiscal year 2022.

Under the terms of Ms. Riley's offer of employment, to ensure her acceptance of our offer and retention through the Separation and uncertain business environment, she will receive cash retention payments, each in the amount of $250,000, within 30 days of each of the first and second anniversaries of her hire date, subject to her continued employment through each such date. The first installment was paid in December 2021 and is disclosed in the 2021 Summary Compensation Table.

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 Company associates who meet certain age and service requirements. Associates can contribute up to the amounts allowable under Section 401 of 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 Deferred Compensation and Supplemental Retirement Plan

The Company previously sponsored a non-qualified supplemental retirement plan (''SRP''). The HCC Committee authorized the termination of the SRP on June 27, 2020. In fiscal year 2021, certain retirement contributions were made under the SRP based on eligible earnings prior to the termination date, and all remaining benefits and obligations under the SRP were paid out in full in July 2021. In addition, certain other deferred compensation arrangements were simultaneously terminated and liquidated, including any remaining elective deferred stock units and deferral elections under our Stock Award and Deferred Compensation Plan for Non-Associate Directors, as required by the Code.

Termination Benefits: Severance and Change in Control Agreements

We have entered into agreements with each of our NEOs that provide for ''double trigger'' severance and change in control payments and benefits. See ''—Retirement and Other Post-Employment Benefits—Estimated Post-Employment Payments and Benefits'' below for a description of estimated benefits in certain termination situations, including a change in control.

Upon a change in control, equity 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 for any excise taxes on compensation paid in connection with a change in control.

In addition, in connection with his retirement in fiscal year 2021, we entered into a retirement agreement with Mr. Burgdoerfer that memorialized the terms of his retirement and certain aspects of his compensation. For additional details, see ''–Mr. Burgdoerfer's Retirement'' below.

Mr. Burgdoerfer's Retirement

In February 2021, Mr. Burgdoerfer indicated his intention to retire and, at the request of the Board, agreed to continue to provide support and leadership in his role as Executive Vice President and Chief Financial Officer as well as serving as the Company executive in charge of the Separation process. From February 2021 through the closing of the Separation, Mr. Burgdoerfer performed critical roles for the Company, including (i) evaluating strategic options for the disposition or separation of the Victoria's Secret business that would best serve stockholder interests, (ii) together with Ms. Nash, meeting with external advisors and potential acquirers related to the separation of the Victoria's Secret business, and (iii) leading the Separation team to ensure the successful completion of the Separation while minimizing distraction for other members of our leadership team who were performing critical roles for the business. The specific terms of Mr. Burgdoerfer's retirement were memorialized in an agreement with the Company in August 2021. This agreement provided for, among other things, that Mr. Burgdoerfer would cease to serve as Executive Vice President and Chief Financial Officer on August 2, 2021 and would retire from our Company on August 20, 2021, and also memorialized the terms and conditions relating to certain components of Mr. Burgdoerfer's compensation, including his Separation completion bonus and the treatment of his outstanding cash retention award. For additional details on these arrangements, see "–Compensation for NEOs–Short-Term Performance-Based Incentive Compensation" and "–Compensation for NEOs–Long-Term Equity Compensation–Cash Retention Awards Granted in Fiscal Year 2020" above. In addition, this agreement also provided that, in the event Mr. Burgdoerfer elected continuation coverage under COBRA, Mr. Burgdoerfer would be entitled to a payment equal to 18-months of COBRA premiums. The treatment of Mr. Burgdoerfer's outstanding equity incentive awards in connection with his retirement was determined in accordance with the existing terms and conditions set forth in the applicable plan documents and award agreements. The payments memorialized in this agreement were subject to Mr. Burgdoerfer's (i) continued employment through the retirement date, (ii) compliance with applicable restrictive covenants, (iii) execution of a release of claims in favor of the Company (which he was not otherwise contractually committed to provide) and (iv) agreement to cooperate with the Company in connection with certain matters in which he was involved or had knowledge during his employment.

Limited Perquisites

We provide our NEOs with minimal perquisites that the HCC Committee has determined are reasonable and in the best interests of the Company and its stockholders. These perquisites may include supplemental disability and life insurance coverage provided by the Company for associates at the Vice President level and above, including our NEOs. Except as noted below for our Chief Executive Officer, to the extent that corporate provided aircraft is used by any other NEO for personal purposes, the NEO must reimburse the Company based on 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. None of our NEOs other than our Chief Executive Officer used corporate provided aircraft for personal purposes during fiscal year 2021. We also provide relocation benefits, as applicable, pursuant to the Company's policy applicable to senior executives.

Chief Executive Officer Compensation

Overview of Chief Executive Officer Pay

The HCC Committee determined that Mr. Meslow's track record of success at Bath & Body Works in navigating the challenges that have faced the business, including the continued navigation of a global pandemic and the integration of previously shared functions into Bath & Body Works as a standalone public company following the Separation, made his leadership critical to the Company during fiscal year 2021. With these considerations in mind, the HCC Committee designed Mr. Meslow's compensation to provide significant performance incentives, thereby closely aligning his interests with those of our stockholders.

Chief Executive Officer Compensation Elements

Mr. Meslow's fiscal year 2021 compensation included substantially the same compensation components as the other NEOs. He participated in our short-term performance-based incentive compensation plan, long-term performance-based equity incentive compensation plan, cash retention program and retirement plan described above under the heading "—Compensation for NEOs".

Chief Executive Officer Termination Benefits

Mr. Meslow is entitled to severance protections similar to those covering other Company executives. In the event of a termination of his employment by the Company without cause or his resignation for good reason absent a change in control, he is entitled to receive cash severance of two years' base salary and one year of incentive compensation based on actual results. In the event of a termination of his employment by the Company without cause or his resignation for good reason within two years following a change in control, he is entitled to receive cash severance of two years' base salary and two years' incentive compensation (at average historical levels), plus a pro rata payment of any unpaid retention payments. In addition, upon a termination of employment by the Company without cause or a resignation for good reason (whether or not in connection with a change in control), the Company will provide, at its expense, medical and dental benefits for a period of up to 18 months following the termination date. Such payments and benefits are quantified under ''–Retirement and Other Post-Employment Benefits–Estimated Post-Employment Payments and Benefits'' below. The terms of Mr. Meslow's upcoming separation from our Company in May 2022 have not been determined as of the filing date of this proxy statement.

Chief Executive Officer Perquisites

The Board has approved the use of corporate provided aircraft for personal purposes by the Company's Chief Executive Officer to ensure his safety and promote the efficient and effective use of his time while travelling. During fiscal year 2021, Mr. Meslow reimbursed the Company for use of corporate provided aircraft for personal purposes based on the IRS's Standard Industrial Fare Level (''SIFL'') formula. The aggregate incremental cost to the Company of Mr. Meslow's personal use of Company aircraft after taking into account Mr. Meslow's reimbursement amounts is disclosed in the All Other Compensation column of the 2021 Summary Compensation Table.

Compensation Governance

Human Capital & Compensation Committee

The HCC Committee oversees the human capital management of the Company, including its diversity, equity and inclusion programs, policies and strategies, as well as the Company's compensation and benefits philosophy and policies. All HCC Committee members are appointed by our Board and meet applicable independence and other NYSE requirements. HCC Committee members are selected based on their knowledge and experience in human capital and compensation matters from both their professional experience and their roles on other boards.

As part of its self-evaluation process, the HCC Committee considers prevailing best practices and compliance with the highest governance standards. During fiscal year 2021, the HCC Committee also continued to engage with the full Board to maximize its effectiveness. The role of the HCC Committee and information about its meetings are set forth in this proxy statement under the heading ''Proposal 1: Election of Directors—Committees of the Board—Human Capital & Compensation Committee.''

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

The HCC Committee, together with the Company, also evaluates the Company's compensation structure from the perspective of enterprise risk. The Company's compensation structure includes risk mitigating factors such as a mix of pay that is balanced between long- and short-term, and fixed and variable payouts under the 2015 Plan, the 2020 Plan and the 2015 ICPP. Based on this evaluation, the HCC Committee believes that the Company's compensation structures are appropriate and do not incent inappropriate taking of business risks.

The HCC Committee is governed by a charter which is available on our website at *www.bbwinc.com*.

Committee Meetings and Delegation

Members of Company management, including our Chief Executive Officer and Chief Financial Officer, attend the HCC Committee meetings along with our Chief Human Resources Officer, who generally prepares meeting materials, and the Chief Legal Officer and Secretary, who records the minutes of the meeting. Members of Company management, including the Chief Executive Officer, do not play a role in recommending Chief Executive Officer compensation. The HCC Committee regularly meets in executive session without management present.

The HCC Committee may delegate its authority to subcommittees or the Chair of the HCC Committee. In accordance with its charter, the HCC Committee has delegated to our Chief Human Resources Officer the authority to make stock awards under the provisions of the 2020 Plan with a value up to $500,000 in any year to any associate who is not a Section 16 officer of the Company.

Independent Compensation Consultant

As permitted by its charter, the HCC 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 HCC 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 HCC Committee review. Specifically, the services the consultant provides include:

- Assisting in evaluation of, and providing recommendations for, Chief Executive Officer and other NEO compensation;
- Informing the HCC Committee of changing market practices;
- Consulting on our executive compensation strategy and program design;
- Analyzing the competitiveness of executive pay;
- Assisting in the selection of our peer groups; and
- Assisting in the preparation and review of this disclosure.

In addition to the services provided at the request of the HCC Committee, management, with the knowledge of the HCC Committee, has engaged Willis Towers Watson for a limited number of additional services, including provision of a call center tracking system for which we pay quarterly software usage fees (provided by a separate division of Willis Towers Watson) and provision of certain compensation survey reports. For fiscal year 2021, the fees for services provided to management were less than $120,000. The HCC Committee has determined that the provision of these limited services by Willis Towers Watson to management is not material and does not impair the independence and objectivity of advice provided to or otherwise raise any conflict of interest for the HCC Committee on executive compensation matters.

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

Tax Deductibility

Section 162(m) of the Code generally does not allow a tax deduction to public companies for compensation paid to certain executive officers that is more than $1 million during the tax year. Section 162(m) of the Code provided an exemption from this deduction limitation for compensation that qualified as ''performance-based compensation.'' However, as part of the Tax Cuts and Jobs Act of 2017, this exemption was repealed, effective for taxable years beginning after December 31, 2017, subject to transition relief for certain arrangements in place as of November 2, 2017. The Company intends to administer grandfathered compensation in accordance with the transition relief to the extent reasonably practicable. Going forward, non-grandfathered annual compensation in excess of $1 million for our covered senior executives will generally not be deductible. The HCC Committee continues to have the flexibility to pay non-deductible compensation if it believes it is in the best interests of the Company.

Recovery of Compensation

Under the 2015 ICPP, the 2015 Plan and the 2020 Plan, the HCC 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 HCC Committee annually reviews all of the components of the NEOs' compensation, including salary, short-term incentive compensation, realized and unrealized gains on stock options, PSUs and RSUs, the cost to the Company of all perquisites, benefits earned and accrued under the Company's non-qualified deferred compensation and supplemental executive retirement plan, and potential payouts under several potential severance and change-in-control scenarios. Based on this review, the HCC Committee concluded that our NEOs' 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

We are committed to aligning our executive compensation with our Company's performance. In connection with the Company's strong performance in fiscal year 2021, our NEOs earned above-target short-term performance incentive payments according to the payout formulas established at the beginning of each six month performance period. Substantially all of the long-term equity incentive is subject to challenging performance requirements that will only be earned if the Company achieves rigorous growth and profitability metrics that provide incentive for a balance of growth and profitability, support the strategic direction of the Company, and are aligned with the interests of our stockholders.

As disclosed in last year's CD&A, in fiscal year 2020, special one-time cash retention awards were granted to certain of our NEOs in light of the turbulent business environment in which we were operating and were viewed as a critical tool during a period of significant uncertainty to retain our key leaders and to help ensure the successful completion of the Separation, the long-term health of our business and the preservation of stockholder value.

In summary, there is alignment between our performance, our stockholders' interests and our NEOs' pay. Accordingly, we recommend stockholders vote FOR our executive compensation program as outlined in "Proposal 3: Advisory Vote to Approve Named Executive Officer Compensation."

HUMAN CAPITAL & COMPENSATION COMMITTEE REPORT

The HCC Committee of the Board is composed of five directors who are independent, as defined under the NYSE listing standards. Additionally, each member of the HCC Committee is a ''non-employee director'' within the meaning of Section 16b-3 under the Securities Exchange Act of 1934. The HCC Committee reviews the CD&A on behalf of the Board.

The HCC Committee has reviewed and discussed the CD&A with management, and based on the review and discussions, the HCC Committee recommended to the Board that the CD&A be included in the 2021 10-K and the Company's 2022 proxy statement.

Human Capital & Compensation Committee

Michal G. Morris, Chair
Patricia S. Bellinger
Francis A. Hondal
Danielle M. Lee
Robert H. Schottenstein

2021 Summary Compensation Table

The following table sets forth information concerning total compensation earned by or paid to our Chief Executive Officer, our Chief Financial Officer, our three other most highly compensated NEOs and our former Executive Vice President and Chief Financial Officer during fiscal year 2021.

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 ($)[6]	Total ($)
Andrew M. Meslow	2021	1,335,577	4,000,000	5,444,545	1,903,973	4,625,208	80,547	278,777	17,668,627
Chief Executive Officer	2020	1,183,462	0	12,330,555	0	4,489,428	146,274	345,220	18,494,939
Wendy C. Arlin	2021	712,884	496,000	1,858,830	0	1,143,775	20,777	56,044	4,288,310
Executive Vice President, Chief Financial Officer									
James L. Bersani	2021	832,308	1,500,000	777,826	272,009	2,120,563	107,035	80,509	5,690,250
President, Real Estate	2020	763,077	250,000	0	0	1,594,880	197,626	191,420	2,997,003
	2019	794,231	0	1,120,586	211,995	770,784	180,374	233,514	3,311,484
Julie B Rosen	2021	866,153	0	1,169,319	271,987	1,804,102	0	21,018	4,132,579
President	2020	277,885	1,000,000	849,986	0	805,632	0	870	2,934,373
Deon N. Riley	2021	758,077	1,750,000	1,052,655	231,194	1,096,346	0	41,189	4,929,461
Chief Human Resources Officer	2020	54,808	0	749,996	0	720,000	0	209	1,525,013
Stuart B. Burgdoerfer[7]	2021	786,923	5,000,000	0	0	1,728,000	54,723	92,781	7,662,427
Former Chief Financial Officer	2020	1,068,462	0	0	0	3,009,636	100,128	241,317	4,419,543
	2019	900,000	0	1,260,644	238,495	1,114,884	89,235	303,913	3,907,171

(1) Bonuses paid to Messrs. Meslow, Burgdoerfer and Bersani and Ms. Arlin represent the payment in fiscal year 2021 of the first two installments of special one-time cash retention awards approved by the HCC Committee during fiscal year 2020 to ensure long-term retention during particularly turbulent times for our business. The bonus amount reported for Ms. Riley includes $1,500,000 paid as a hiring incentive in connection with her employment offer and a cash retention bonus of $250,000. Ms. Riley's hiring incentive bonus is required to be reimbursed in full if Ms. Riley voluntarily resigns for any reason or is involuntarily terminated for Cause (as defined below under the heading ''—Retirement and Other Post-Employment Benefits—Estimated Post-Employment Payments and Benefits—Termination Provisions—Definitions of Cause and Good Reason'') before the second anniversary of her hire date. In addition, this column also reflects a one-time cash bonus of $2,000,000 paid to Mr. Burgdoerfer during fiscal year 2021 in recognition of his significant leadership and contributions as our Executive Vice President and Chief Financial Officer and the Company executive overseeing and leading the successful completion of the Separation, which such payment was conditioned on the actual occurrence of the Separation.

(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. The grant date fair value of the PSUs granted to the NEOs during fiscal year 2021 was calculated based on the probable outcome of the performance conditions as of the grant date, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under ASC Subtopic 718-10, excluding the effect of estimated forfeitures. The grant date value of the PSUs granted to the NEOs in fiscal year 2021 assuming the maximum level of performance conditions will be achieved is $5,094,556 for Mr. Meslow, $727,824 for Mr. Bersani, $727,824 for Ms. Rosen and $618,650 for Ms. Riley.

See Note 19 to the Company's financial statements filed in the 2021 10-K for the related assumptions for stock awards and stock options granted during fiscal year 2021 and for a discussion of our assumptions in determining the aggregate grant date fair value of these awards.

(3) Stock and option awards were granted to each NEO under the Company's 2015 Plan and 2020 Plan. Awards are long-term compensation and generally vest over three to five years and are not realizable on an annual basis. See discussion under the heading ''—Compensation Discussion and Analysis—Executive Compensation Philosophy—Long-Term Equity Compensation'' for additional detail.

(4) Represents the aggregate of the non-equity performance-based incentive compensation for the applicable Spring and Fall seasons. Incentive compensation targets are set based on a percentage of base salary and are paid seasonally based on the achievement of adjusted operating income results. See discussion under the heading ''—Compensation Discussion and Analysis—Executive Compensation Philosophy—Short -Term Performance-Based Incentive Compensation'' for additional detail.

(5) The Company does not sponsor a defined benefit retirement plan (tax-qualified or non-qualified). The Company's non-qualified deferred compensation plan was terminated in fiscal year 2020 and balances were distributed in July 2021. For fiscal year 2021, earnings accrued at an annual effective rate of 3.34% on each NEO's non-qualified plan balance up to the distribution date. Amounts disclosed represent earnings that exceed earnings calculated at a rate equal to 120% of the applicable federal long-term rate at the time the rate was set in October 2020.

(6) The following table details all other compensation paid to each NEO during fiscal year 2021:

	Incremental Company Cost to Provide Supplemental Life and Disability Insurance Coverage ($)	Company Contributions to the Executives' Qualified and Non-Qualified Retirement Plan Account ($)	Relocation[(a)] ($)	Personal Use of Company Aircraft[(b)] ($)	Total ($)
Mr. Meslow	546	153,499	0	124,732	278,777
Ms. Arlin	630	55,414	0	0	56,044
Mr. Bersani	974	79,535	0	0	80,509
Ms. Rosen	731	0	20,287	0	21,018
Ms. Riley	638	0	40,551	0	41,189
Mr. Burgdoerfer	0	92,781	0	0	92,781

(a) As part of Ms. Rosen's and Ms. Riley's relocation packages to Columbus, Ohio, Ms. Rosen received $10,987 of relocation assistance with an additional $9,300 of related tax assistance in connection therewith and Ms. Riley received $21,962 of relocation assistance with an additional $18,589 of related tax assistance in connection therewith.

(b) The amount reflects the aggregate incremental cost to the Company of Mr. Meslow's personal use of the Company aircraft after taking into account Mr. Meslow's reimbursement of amounts based on the IRS's SIFL formula. The Company calculates the aggregate incremental cost to the Company based on an hourly charge for use of Company aircraft that includes variable charges such as fuel, salaries of flight personnel, landing and parking fees and variable maintenance as well as certain fixed fees associated with operating the Company's aircraft.

(7) Mr. Burgdoerfer ceased to serve as Executive Vice President and Chief Financial Officer on August 2, 2021 and retired from our Company on August 20, 2021.

Grants of Plan-Based Awards for Fiscal Year 2021

The following table provides information relating to plan-based awards and opportunities granted to the NEOs during fiscal year 2021. Pursuant to the terms of the Employee Matters Agreement dated August 2, 2021, entered into between the Company and Victoria's Secret & Co. in connection with the Separation (the ''Employee Matters Agreement''), each stock option, RSU and PSU held by our associates (including our NEOs) was equitably adjusted upon the occurrence of the Separation. The amounts included in the table below for our NEOs reflect these equitable adjustments.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[(1)]			Estimated Future Payouts Under Equity Incentive Plan Awards[(2)]			All Other Stock Awards # of Shares or Units[(3)]	All Other Option Awards: # of Securities Underlying Options[(4)]	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock Option Awards[(5)]
Name	Grant Date	Threshold $	Target $	Maximum $	Threshold #	Target #	Maximum #	#	#	$/Sh	$
Mr. Meslow	3/16/2021								86,348	$48.64	1,903,973
	3/16/2021							43,174			2,048,175
	3/16/2021				35,979	71,957	107,936				3,396,370
		513,000	2,565,000	5,130,000							
Ms. Arlin	3/16/2021							15,419			731,477
	5/19/2021							13,806			735,860
	8/18/2021							6,729			391,493
		127,662	638,308	1,276,616							
Mr. Bersani	3/16/2021								12,336	$48.64	272,009
	3/16/2021							6,168			292,610
	3/16/2021				5,140	10,280	15,420				485,216
		235,200	1,176,000	2,352,000							
Ms. Rosen	3/16/2021								12,335	$48.64	271,987
	3/16/2021							6,168			292,610
	3/16/2021				5,140	10,280	15,420				485,216
	8/18/2021							6,729			391,493
		200,100	1,000,500	2,001,000							
Ms. Riley	3/16/2021								10,485	$48.64	231,194
	3/16/2021							5,243			248,728
	3/16/2021				4,369	8,738	13,107				412,434
	8/18/2021							6,729			391,493
		121,600	608,000	1,216,000							
Mr. Burgdoerfer[(6)]		432,000	2,160,000	4,320,000							

(1) Non-Equity Incentive Plan Awards represent the Threshold, Target and Maximum opportunities under the 2015 ICPP for the fiscal year 2021 Spring and Fall seasons. The actual amount earned for fiscal year 2021 under this plan is disclosed in the 2021 Summary Compensation Table in the ''Non-Equity Incentive Plan Compensation'' column.

(2) Equity Incentive Plan Awards were granted pursuant to the 2020 Plan. Grant dates were established on the date the grants were approved by the HCC Committee. Awards granted to Messrs. Meslow and Bersani and Mses. Rosen and Riley vest on the third anniversary of the grant date, subject to continued employment through such date, with the number of shares to be awarded determined based on the Company's achievement of (i) revenue growth during the three year performance period relative to the Performance Peer Group and (ii) cumulative operating income as a percentage of cumulative sales, in each case as set forth under the heading ''—Compensation Discussion and Analysis—Compensation for NEOs—Long-Term Equity Compensation.''

(3) All Other Stock Awards were granted pursuant to the 2020 Plan. Grant dates were established on the date the grants were approved by the HCC Committee. Awards granted on March 16, 2021 vest 50% on the second and 50% on the third anniversaries of the grant date, subject to continued employment through each such date. Awards granted on May 19, 2021 and August 18, 2021 vest 30% on each of the first and second anniversaries of the grant date, and 40% on the third anniversary of the grant date, subject to continued employment through each such date.

(4) Option awards were granted pursuant to the 2020 Plan. Option grant dates were established on the date the grants were approved by the HCC Committee and the exercise price is the closing price of Common Stock on the grant date (subject to equitable adjustment under the Employee Matters Agreement as described above). Option awards vest 50% on the second and 50% on the third anniversaries of the grant date, subject to continued employment through each such date.

(5) The value of stock 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: dividend yield of 1.0%, volatility of 59%, risk free interest rate of 0.8% and expected life of 4.7 years. RSUs and PSUs are valued based on the fair market value of a share of Common Stock on the date of grant, adjusted for anticipated dividend yields.

(6) In light of his announced retirement in February 2021, Mr. Burgdoerfer did not receive any long-term incentive compensation awards in fiscal year 2021.

Outstanding Equity Awards at Fiscal Year-End for 2021

The following table provides information relating to outstanding equity awards granted to the NEOs as of the fiscal year ended January 29, 2022. Pursuant to the terms of the Employee Matters Agreement, each stock option, RSU and PSU held by our associates (including our NEOs) was equitably adjusted upon the occurrence of the Separation. The amounts included in the table below for our NEOs reflect these equitable adjustments.

		Option Awards					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 $	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested #	Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested $
Mr. Meslow	3/29/2013	8,310	0	0	33.80	3/29/2023					
	3/31/2014	8,820	0	0	43.75	3/31/2024	3/31/2017	13,765[5]	752,257	0	0
	4/2/2015	7,133	0	0	73.58	4/2/2025	3/28/2019	75,669[6]	4,135,311	0	0
	3/31/2016	10,583	0	0	70.87	3/31/2026	2/20/2020	79,362[7]	4,337,133	0	0
	3/31/2017	10,703	4,589[1]	0	38.01	3/31/2027	5/14/2020		0	1,858,650[15]	101,575,223
	3/21/2018	18,910	0	0	31.81	3/21/2028	3/16/2021	43,174[8]	2,359,459	107,936[16]	5,898,702
	3/28/2019	28,272	14,136[2]	0	22.55	3/28/2029					
	3/16/2021	0	86,348[3]	0	48.64	3/16/2031					
Ms. Arlin	3/29/2013	1,625	0	0	33.80	3/29/2023	3/31/2017	8,442[5]	461,355	0	0
	3/31/2014	2,855	0	0	43.75	3/31/2024	3/28/2019	33,262[6]	1,817,768	0	0
	5/7/2014	570	0	0	41.15	5/7/2024	3/16/2021	15,419[8]	842,648	0	0
	4/2/2015	3,057	0	0	73.58	4/2/2025	5/19/2021	13,806[9]	754,498	0	0
	3/31/2016	5,292	0	0	70.87	3/31/2026	8/18/2021	6,729[10]	367,740	0	0
	3/31/2017	4,834	2,072[1]		38.01	3/31/2027					
	3/21/2018	13,964	0	0	31.81	3/21/2028					
Mr. Bersani	4/2/2015	7,133	0	0	73.58	4/2/2025	3/31/2017	13,316[5]	727,719	0	0
	3/31/2016	10,583	0	0	70.87	3/31/2026	3/21/2018	9,984[11]	545,626	0	0
	3/31/2017	10,359	4,440[1]	0	38.01	3/31/2027	4/25/2018	34,256[12]	1,872,090	0	0
	3/21/2018	7,262	10,891[4]	0	31.81	3/21/2028	3/28/2019	13,010[6]	710,997	53,219[17]	2,908,418
	3/28/2019	28,383	14,191[2]	0	22.55	3/28/2029	3/16/2021	6,168[8]	337,081	15,420[16]	842,703
	3/16/2021	0	12,336[3]	0	48.64	3/16/2031					
Ms. Rosen	3/16/2021	0	12,335[3]	0	48.64	3/16/2031	9/28/2020	33,404[13]	1,825,529		
							3/16/2021	6,168[8]	337,081	15,420[16]	842,703
							8/18/2021	6,729[10]	367,740		
Ms. Riley	3/16/2021	0	10,485[3]	0	48.64	3/16/2031	12/29/2020	12,361[14]	675,529	0	0
							3/16/2021	5,243[8]	286,530	13,107[16]	716,298
							8/18/2021	6,729[10]	367,740		
Mr. Burgdoerfer[21]	4/2/2015	17,385	0	0	73.58	8/20/2022	3/31/2017	0	0	8,661[18]	473,324
	3/31/2016	10,583	0	0	70.87	8/20/2022	3/21/2018	0	0	5,814[19]	317,735
							4/25/2018	0	0	13,759[20]	751,929
							3/28/2019	0	0	46,566[17]	2,544,832

(1) Options vested on March 31, 2022.

(2) Options vested on March 28, 2022.

(3) Options vest 50% on March 16, 2023 and 50% on March 16, 2024.

(4) Options vested 50% on March 21, 2022 and vest 50% on March 21, 2023.

(5) Shares vested 100% on March 31, 2022.

(6) Shares vested 100% on March 28, 2022.

(7) Shares vest 100% on February 20, 2023.

(8) Shares vest 50% on March 16, 2023 and 50% on March 16, 2024.

(9) Shares vest 30% on May 19, 2022, 30% on May 19, 2023 and 40% on May 19, 2024.

(10) Shares vest 30% on August 18, 2022, 30% on August 18, 2023 and 40% on August 18, 2024.

(11) Shares vested 45% on March 21, 2022 and vest 55% on March 21, 2023.

(12) Shares vest 47% on April 25, 2022 and 53% on April 25, 2023.

(13) Shares vest 100% on September 28, 2023.

(14) Shares vest 100% on December 29, 2022.

(15) Subject to achievement of performance conditions assumed at maximum payout, shares vest 40% on May 14, 2023, 30% on May 14, 2024 and 30% on May 14, 2025.

(16) Subject to achievement of performance conditions assumed at maximum payout, 100% of these shares vest on March 16, 2024.

(17) Subject to achievement of performance conditions assumed at maximum payout, shares vested on March 28, 2022.

(18) Subject to achievement of a performance condition, shares vested on March 31, 2022.

(19) Subject to achievement of a performance condition, shares vested on March 21, 2022.

(20) Subject to achievement of a performance condition, shares vest on April 25, 2022.

(21) Outstanding stock awards held by Mr. Burgdoerfer at the time of his retirement were treated in accordance with the existing terms of the 2015 Plan and the 2020 Plan and the applicable award agreements thereunder, as follows: (i) stock options that were vested at the time of his retirement will remain exercisable for one year following his retirement date and unvested stock options were forfeited; (ii) unvested RSUs were forfeited; and (iii) unvested PSUs were pro-rated based on the number of months from the grant date to Mr. Burgdoerfer's retirement date, subject to actual performance achievement at the end of the performance period.

Option Exercises and Stock Vested Information for Fiscal Year 2021

The following table provides information relating to option awards exercised and RSU and PSUs awards vested during fiscal year 2021.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Mr. Meslow	0	0	53,082	3,238,394
Ms. Arlin	3,000	91,980	21,081	1,285,236
Mr. Bersani	32,177	612,136	37,517	2,456,863
Ms. Rosen	0	0	0	0
Ms. Riley	0	0	12,362	859,159
Mr. Burgdoerfer	129,751	2,995,881	41,894	2,850,475

(1) Option Award Value Realized is calculated based on the difference between the sale price and the option exercise price.

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

Retirement and Other Post-Employment Benefits

Non-qualified Deferred Compensation for Fiscal Year 2021[1]

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)[2]	Aggregate Earnings in Last Fiscal Year ($)[3]	Aggregate Withdrawals / Distributions ($)[4]	Aggregate Balance at Last Fiscal Year End ($)
Mr. Meslow	0	124,607	134,512	7,998,943	0
Ms. Arlin	0	26,522	40,704	4,926,508	0
Mr. Bersani	0	50,643	180,054	11,210,207	0
Ms. Rosen	0	0	0	0	0
Ms. Riley	0	0	0	0	0
Mr. Burgdoerfer	0	63,889	91,386	5,426,804	0

(1) On June 27, 2020 (the ''Termination Date''), the HCC Committee authorized the termination of the Company's non-qualified supplemental retirement plan (the ''SRP'') and certain other deferred compensation arrangements. In accordance with applicable rules under the Code, balances were distributed approximately one year following the Termination Date.

(2) Reflects the Company's pro-rata retirement contribution in March 2021 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 on eligible compensation prior to the Termination Date. These contributions are also included under the ''All Other Compensation'' column of the 2021 Summary Compensation Table.

(3) 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 $80,547, $20,777, $107,035 and $54,723 for Mr. Meslow, Ms. Arlin, Mr. Bersani, Mr. Burgdoerfer, respectively, is disclosed in the ''Change in Pension Value and Non-Qualified Deferred Compensation Earnings'' column of the 2021 Summary Compensation Table.

Amounts include dividends earned on deferred stock and RSU balances in the amount of $6,007 for Ms. Arlin and $1,305 for Mr. Bersani. Dividends were reinvested into additional stock units based on the closing market price of Common Stock on the dividend payment date prior to the Termination Date.

(4) Balance distributed includes the value of deferred stock units on the distribution date with a value of $2,865,250 for Ms. Arlin and $622,668 for Mr. Bersani. Value is calculated based on a stock price of $71.38 per share of Common Stock on July 8, 2021.

Estimated Post-Employment Payments and Benefits

We have entered into certain agreements with our current NEOs that will require us to provide compensation in the event of certain terminations of employment, including a termination following a change in control of our Company.

The following tables set forth the expected benefits to be received by each of our current NEOs in the event of termination resulting from various scenarios, assuming a termination date of January 29, 2022 and a stock price of $54.65, the closing price of our Common Stock on January 28, 2022 (the last trading day during fiscal year 2021). 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. In addition, and as previously disclosed in the Estimated Post-Employment Payments and Benefits table included in our 2021 annual proxy statement, as a result of an inadvertent administrative error, we reported the estimated value of the pro rata vesting of Mr. Burgdoerfer's then-outstanding and unvested restricted stock units and performance stock units in connection with an assumed retirement date of January 30, 2021 as $306,352. However, assuming Mr. Burgdoerfer had retired as of January 30, 2021, the estimated value of the pro rata vesting of such then-outstanding awards would have been $2,922,770 (based on the pre-Separation L Brands, Inc. stock price of $40.76 as of January 29, 2021).

Mr. Meslow

	Involuntary w/out Cause or w/ Good Reason		Involuntary w/out Cause following Change in Control			
	w/out Release	& Sign Release		Death[(6)]	Disability	Voluntary or Retirement
Base Salary[(1)]	$1,350,000	$ 2,700,000	$ 2,700,000	$ 0	$ 0	$0
Bonus[(2)]	0	2,565,000	9,114,636	0	0	0
Cash Retention[(3)]	0	0	1,990,431	0	0	0
Gain of Accelerated Stock Options[(4)]	0	0	1,049,082	1,049,082	1,049,082	0
Value of Pro-Rated or Accelerated RSUs/PSUs[(4)]	0	31,623,441	83,233,426	83,233,426	83,233,426	0
Total Benefits and Perquisites[(5)]	38,610	48,655	48,655	2,018,520	586,043	0
Total	$1,388,610	$36,937,096	$98,136,230	$86,301,028	$84,868,551	$0

Ms. Arlin

	Involuntary w/out Cause or w/ Good Reason		Involuntary w/out Cause following Change in Control			
	w/out Release	& Sign Release		Death[(6)]	Disability	Voluntary or Retirement
Base Salary[(1)]	$ 0	$1,500,000	$1,500,000	$ 0	$ 0	$0
Bonus[(2)]	0	675,000	1,850,079	0	0	0
Cash Retention	0	0	0	0	0	0
Gain of Accelerated Stock Options[(4)]	0	0	34,475	34,475	34,475	0
Value of Pro-Rated or Accelerated RSUs/PSUs[(4)]	0	2,554,068	4,244,010	4,244,010	4,244,010	0
Total Benefits and Perquisites[(5)]	18,520	59,478	59,478	1,518,520	436,140	0
Total	$18,520	$4,788,546	$7,688,042	$5,797,005	$4,714,625	$0

Mr. Bersani

	Involuntary w/out Cause		Involuntary w/out Cause following Change in Control	Death[(6)]	Disability	Voluntary or Retirement
	w/out Release	& Sign Release				
Base Salary[(1)]	$ 0	$1,680,000	$ 1,680,000	$ 0	$ 0	$ 0
Bonus[(2)]	0	1,176,000	3,715,443	0	0	0
Cash Retention	0	0	0	0	0	0
Gain of Accelerated Stock Options[(4)]	0	0	852,277	852,277	852,277	0
Value of Pro-Rated or Accelerated RSUs/PSUs[(4)]	0	4,693,943	6,694,242	6,694,242	6,694,242	1,987,293
Total Benefits and Perquisites[(5)]	18,520	41,157	41,157	2,018,520	457,293	18,520
Total	$18,520	$7,591,100	$12,983,119	$9,565,039	$8,003,812	$2,005,813

Ms. Rosen

	Involuntary w/out Cause or w/ Good Reason		Involuntary w/out Cause following Change in Control	Death[(6)]	Disability	Voluntary or Retirement
	w/out Release	& Sign Release				
Base Salary[(1)]	$ 0	$1,740,000	$1,740,000	$ 0	$ 0	$0
Bonus[(2)]	0	1,000,500	2,609,733	0	0	0
Cash Retention	0	0	0	0	0	0
Gain of Accelerated Stock Options[(4)]	0	0	74,132	74,132	74,132	0
Value of Pro-Rated or Accelerated RSUs/PSUs[(4)]	0	1,112,128	3,092,152	3,092,152	3,092,152	0
Total Benefits and Perquisites[(5)]	13,890	43,698	43,698	1,753,890	461,358	0
Total	$13,890	$3,896,326	$7,559,715	$4,920,174	$3,627,642	$0

Ms. Riley

	Involuntary w/out Cause or w/ Good Reason		Involuntary w/out Cause following Change in Control	Death[(6)]	Disability	Voluntary or Retirement
	w/out Release	& Sign Release				
Base Salary[(1)]	$ 0	$1,520,000	$1,520,000	$ 0	$ 0	$0
Bonus[(2)]	0	608,000	1,816,346	0	0	0
Cash Retention	0	0	0	0	0	0
Gain of Accelerated Stock Options[(4)]	0	0	63,014	63,014	63,014	0
Value of Pro-Rated or Accelerated RSUs/PSUs[(4)]	0	319,593	1,807,330	1,807,330	1,807,330	0
Total Benefits and Perquisites[(5)]	13,890	53,264	53,264	1,533,890	433,812	0
Total	$13,890	$2,500,857	$5,259,954	$3,404,234	$2,304,156	$0

(1) In the event of a termination of the NEO's employment by the Company other than for "Cause" or, in the case of Mr. Meslow and Mses. Arlin, Rosen and Riley, by the NEO for "Good Reason", other than during the 24-month period following a "Change in Control", the NEO

will receive continued payment of base salary for 24 months following the termination date in accordance with the Company's normal payroll practices. If such termination occurs within the 24-month period following a Change in Control, the NEO will receive a lump sum payment equal to 2x his or her annual base salary. The foregoing payments are subject to such NEO's execution and non-revocation of a release of claims. If such release of claims is not provided by Mr. Meslow, then these payments for Mr. Meslow will be 12 months or 1x annual base salary, as applicable.

(2) In the event of a termination of the NEO's employment by the Company other than for ''Cause'' or, in the case of Mr. Meslow and Mses. Arlin, Rosen and Riley, by the NEO for ''Good Reason'', other than during the 24-month period following a ''Change in Control'', the NEO will receive bonus payments based on the bonus amounts the NEO would have received under the 2015 ICPP had the NEO remained employed by the Company for a one-year period following the NEO's termination date. If such termination occurs within the 24-month period following a Change in Control, the NEO will receive a lump sum amount equal to sum of the last four seasonal bonus payments received under the 2015 ICPP, plus a pro rata amount for the season in which the termination occurs (based on an average of the prior four payments received). For purposes of these tables, bonus amounts are assumed at target levels.

(3) Reflects a pro-rated portion of the third installment of Mr. Meslow's cash retention award, based on the period May 14, 2020 to January 29, 2022.

(4) Reflects the value of the ''double-trigger'' acceleration of unvested stock options, RSUs and PSUs in the event of a termination of the NEO's employment by the Company without Cause or by the NEO for Good Reason within 24 months following a Change in Control, or due to the NEO's death or Disability, assuming a price per share of Common Stock of $54.65. In the event of a termination of the NEO's employment by the Company without Cause or, in the case of Mr. Meslow and Mses. Arlin, Rosen and Riley, by the NEO for Good Reason absent a Change in Control, unvested stock options, RSUs and PSUs will accelerate on a pro-rated basis. For purposes of these tables, PSUs are assumed achieved at target levels.

(5) Reflects estimates for benefits and perquisites payable to the NEOs upon a termination of employment, which includes 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 for a period of up to 18 months (in the case of Messrs. Meslow and Bersani and Ms. Rosen) and up to 24 months (in the case of Mses. Arlin and Riley), both absent and following a Change in Control. 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.

(6) Generally, in the event of an NEO's death, subject to the achievement of any underlying performance conditions, any time-vesting conditions are deemed satisfied. RSUs and PSUs awarded to our other NEOs continue to be subject to continued vesting based on performance (except for RSUs granted to Mr. Bersani in March and April of 2018, which are not subject to performance conditions).

Assumptions and Explanations of Numbers in Tables

The HCC 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.

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 agreements for our NEOs contain customary definitions of cause and good reason. ''Cause'' generally means that (1) for Mr. Meslow, he willfully failed to perform his duties with the Company, or for our other NEOs, he or she was grossly negligent in the performance of his or her duties with the Company (in each case, other than a failure resulting from his or her incapacity due to physical or mental illness); (2) the NEO has pled ''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) the NEO engaged in misconduct in bad faith (or, in Mr. Meslow's case ''willful misconduct'') which could reasonably be expected to materially harm the Company's business or its reputation.

In addition, Mr. Meslow and Mses. Arlin, Riley and Rosen have the right to resign for ''Good Reason'' in case of certain events. ''Good Reason'' generally means (1) for Mr. Meslow, the failure to continue as Chief Executive Officer of the Company (or, in the event of a change in control, the resulting ultimate parent company) and, for Mses. Arlin, Riley and Rosen, her failure to continue in a capacity originally contemplated in the NEO's agreement; (2) for Mses. Arlin, Riley and Rosen, the assignment to the NEO of any duties materially inconsistent with her position, duties, authority, responsibilities or reporting requirements, and also, for Mr. Meslow, the assignment to another person of duties that would typically be performed by the Chief Executive Officer; (3) for Mr. Meslow, a material reduction of or a delay in payment of his total cash compensation and benefits from those required to be provided, or a breach by the Company of his employment agreement or any RSU award agreement or other equity agreement; (4) the requirement that, for Mr. Meslow, he be based outside of the United States (other than for travel that is reasonably required to carry out his duties), or for Mses. Arlin, Riley and Rosen, her mandatory relocation from the Columbus, Ohio area; or (5) the failure by the Company to obtain the assumption in writing of its obligation to perform the agreement by a successor.

Payments Upon a Termination in Connection with a Change in Control

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

(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 (and any new director, whose election by the Board or nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of the period or whose election or nomination for election was so approved) cease for any reason to constitute a majority of directors then constituting the Board;

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

(d) the consummation of a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

Participants in the 2015 Plan and the 2020 Plan receive accelerated vesting of equity awards upon a Change in Control in the event of the participant's termination of employment (other than for Cause) within 24 months of the Change in Control (''double trigger'' vesting).

No Tax Gross-up

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

Fiscal Year 2021 Director Compensation

The following table sets forth compensation earned by the individuals who served as directors of the Company during fiscal year 2021[1].

	Fees Earned or Paid in Cash[2] $	Stock Awards[3] $	Total $
Patricia S. Bellinger	146,900	134,405	281,305
Francis A. Hondal[6]	110,874	131,971	242,845
Donna A. James[5]	67,200	134,405	201,605
Danielle M. Lee[6]	109,624	131,971	241,595
Michael G. Morris	161,900	146,953	308,853
Sarah E. Nash	350,000	350,048	700,048
Robert H. Schottenstein	134,400	134,405	268,805
Anne Sheehan[5]	73,450	146,953	220,403
Stephen D. Steinour	154,400	134,405	288,805
J.K. Symancyk[6]	89,641	111,961	201,602
Abigail S. Wexner[4]	33,816	0	33,816
Leslie H. Wexner[4]	33,816	0	33,816

(1) Mr. Meslow did not receive additional compensation for his service as a member of the Board. Our current Board's compensation plan does not provide for stock option awards, non-equity incentive plan compensation, pension or non-qualified deferred compensation.

(2) Directors (other than Ms. Nash) received an annual cash retainer of $111,900; directors received an additional annual cash retainer of $12,500 for membership on the Audit and HCC Committees and Special Committee on Stockholder Litigation and $10,000 for all other committee memberships; the Audit Committee and Special Committee on Stockholder Litigation Chairs received an additional $20,000; the HCC Committee Chair and the Nominating & Governance Committee Chair each received an additional $15,000; other committee Chairs received an additional $10,000; and the Board Chair received an annual cash retainer of $350,000.

(3) Directors (other than Ms. Nash) received an annual stock retainer of $111,900; directors received an additional annual stock grant of $12,500 for membership on the Audit and HCC Committees and of $10,000 for other committee memberships; and the Board Chair received an annual stock retainer of $350,000. Stock retainers were granted under the 2020 Plan and were fully vested on the grant date. The number of shares issued was 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 19 to the Company's financial statements filed in the 2021 10-K for a discussion of our assumptions in determining the aggregate grant date fair value of these awards.

(4) Effective May 20, 2021, Ms. Wexner and Mr. Wexner retired from the Board. Cash payments were pro-rated based on the number of days of Board service.

(5) In connection with the Separation, Mses. James' and Sheehan's Board service ended. Cash payments were pro-rated based on the number of days of Board service.

(6) Mses. Hondal and Lee were appointed to the Board effective March 16, 2021, and Mr. Symancyk was appointed to the Board effective May 20, 2021. Cash and stock payments were pro-rated based on the number of days of Board service, as applicable.

Following the HCC Committee's review of competitive practices for Board of Director compensation prepared by Willis Towers Watson for fiscal year 2022, the Board approved changes to Board compensation as follows: increase annual stock retainer to $150,000, reduce annual cash retainer to $100,000, increase HCC Committee and Audit Committee Chair fees to $25,000 and Nominating & Governance Committee and Executive Committee Chair fees to $20,000, pay Committee and Chair fees 100% in cash and adjust Board Chair compensation to $500,000 annually, paid 50% in cash and 50% in stock. See also ''Compensation Discussion and Analysis–2022 Leadership Changes'' regarding additional compensation matters regarding Ms. Nash.

Members of the Board are also subject to the Company's stock ownership guidelines, as described under ''Compensation Discussion and Analysis—Executive Compensation Philosophy—Executive and Director Stock Ownership Guidelines.''

2021 PAY RATIO DISCLOSURE

Pay Ratio

In accordance with the requirements of Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K (which we collectively refer to as the ''Pay Ratio Rule''), we are providing the following estimated information for fiscal year 2021:

- the median of the annual total compensation of all our employees (except our Chief Executive Officer) was $10,632;
- the annual total compensation of our Chief Executive Officer was $17,668,627; and
- the ratio of these two amounts is 1,662 to 1. We believe that this ratio is calculated in a manner consistent with the requirements of the Pay Ratio Rule.

Methodology for Identifying Our ''Median Employee''

Identifying and Adjusting Our Employee Population

To identify the median of the annual total compensation of all of our employees (other than our Chief Executive Officer), we identified our total employee population as of January 29, 2022, the last day of our fiscal year. Our employee population consisted of full-time, part-time, seasonal and temporary employees globally.

Determining Our Median Employee

To identify our median employee, we calculated the cash compensation paid during the fiscal year for the employee population, annualizing the cash compensation of any permanent employee who joined the Company during the fiscal year. We identified the median compensation amount using this compensation measure which was consistently applied to all our employees in the calculation. We then selected a reasonably representative employee with total compensation equal to the median compensation amount as our ''median employee.''

Using the methodologies described above, we determined that our median employee was a part-time, hourly employee. The total compensation of the median employee was $10,632.

Determination of Annual Total Compensation of Our Median Employee and Our Chief Executive Officer

Once we identified our median employee, we then calculated such employee's annual total compensation for 2021 using the same methodology we used for purposes of determining the annual compensation of our NEOs for 2021.

Our Chief Executive Officer's annual total compensation for 2021 for purposes of the Pay Ratio Rule is equal to the amount reported in the ''Total'' column in the 2021 Summary Compensation Table.

The Commission's rules for identifying the median employee and calculating the pay ratio allow companies to apply various methodologies and apply various assumptions and, as a result, the pay ratio reported by us may not be comparable to the pay ratio reported by other companies. Our median employee worked approximately 16 hours per week during fiscal year 2021. If the total compensation per hour earned by the median employee was extrapolated to full-time employment, median compensation would be approximately $26,200 and the ratio would be 674 to 1.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table shows certain information about the securities ownership of all directors of the Company, the executive officers of the Company named in the 2021 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
Wendy C. Arlin	98,548[(c)]	*
Patricia S. Bellinger	30,050	*
James L. Bersani	185,905[(c)]	*
Alessandro Bogliolo	0	*
Stuart B. Burgdoerfer	27,968[(c)]	*
Francis A. Hondal	2,063	*
Danielle M. Lee	2,063	*
Andrew M. Meslow	276,392[(c)(d)]	*
Michael G. Morris	72,756	*
Sarah E. Nash	20,640	*
Juan Rajlin	0	*
Deon N. Riley	7,064	*
Julie B. Rosen	0	*
Robert H. Schottenstein	28,480[(e)]	*
Stephen D. Steinour	58,052[(f)]	*
J.K. Symancyk	1,731	*
All directors and executive officers as a group	871,153[(c)-(f)]	*

* 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 29, 2022.

(c) Includes the following number of shares issuable within 60 days of January 29, 2022, upon the exercise or vesting of outstanding stock awards: Ms. Arlin, 65,459; Mr. Bersani, 100,905; Mr. Burgdoerfer, 27,968; Mr. Meslow, 182,536; and all directors and executive officers as a group, 425,778.

(d) Includes 4,134 shares held in the Bath & Body Works, Inc. 401(k) Savings and Retirement Plan over which Mr. Meslow has investment power but does not have voting power except to the extent permitted by the Retirement Plan Committee from time to time.

(e) Includes 2,000 shares held by the Irving Schottenstein Marital Trust 2, for which Mr. Schottenstein is co-trustee and has sole voting and investment power. Mr. Schottenstein has a financial interest in 500 of the foregoing shares.

(f) Includes 9,900 shares held in the Patricia M. Steinour Legacy Trust, for which Mr. Steinour has shared voting and investment power, and 9,900 shares held in the Stephen D. Steinour Dynasty Trust, for which Mr. Steinour has shared voting and investment power. Includes 12,925 shares owned by Mr. Steinour's spouse, as to which Mr. Steinour may be deemed to share voting and investment power.

DELINQUENT SECTION 16(A) REPORTS

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 2021 our executive officers, directors and greater than 10% beneficial owners complied with these filing requirements, except as follows:

- On September 24, 2021, Ms. Nash filed a late Form 4 that reported the vesting of one tranche of Ms. Nash's restricted stock unit award that occurred on August 20, 2021, which was late due to an inadvertent administrative error made by the Company. In addition, the number of such restricted stock units that vested in respect of such tranche on August 20, 2021 was misreported due to an inadvertent administrative error by the Company and was corrected on a Form 4 amendment filed on February 8, 2022.
- On February 14, 2022, Mr. Steinour filed a late Form 5 that reported gifts of shares from Mr. Steinour to his spouse that occurred on each of March 6, 2018 and May 14, 2020, which gifts were not timely reported due to an inadvertent administrative error made by the Company.

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
The Vanguard Group[(1)] 100 Vanguard Blvd. Malvern, PA 19355	28,496,965	11.06%
Lone Pine Capital LLC, David F. Craver, Brian F. Doherty, Kelly A. Granat, Stephen F. Mandel, Jr. and Kerry A. Tyler[(2)] Two Greenwich Plaza Greenwich, CT 06830	24,300,268	9.4%
BlackRock, Inc.[(3)] 55 East 52nd Street New York, NY 10055	17,861,118	6.9%
Egerton Capital (UK) LLP[(4)] 5 Stratton Street London, W1J 8LA, United Kingdom	13,671,287	5.3%

(1) As of December 31, 2021, based solely on information set forth in the Schedule 13G/A filed February 9, 2022 by The Vanguard Group, The Vanguard Group reported having shared voting power over 440,105 shares, sole dispositive power over 27,426,897 shares and shared dispositive power over 1,070,068 shares.

(2) As of December 31, 2021, based solely on information set forth in the Schedule 13G/A filed February 14, 2022 by Lone Pine Capital LLC, David F. Craver, Brian F. Doherty, Kelly A. Granat, Stephen F. Mandel, Jr. and Kerry A. Tyler (each, a "Lone Pine Reporting Person"), each Lone Pine Reporting Person has shared voting and shared dispositive power over 24,300,268 shares.

(3) As of December 31, 2021, based solely on information set forth in the Schedule 13G filed February 7, 2022 by BlackRock, Inc., BlackRock, Inc. reported having sole voting power over 15,872,809 shares and sole dispositive power over 17,861,118 shares.

(4) As of December 31, 2021, based solely on information set forth in the Schedule 13G/A filed February 9, 2022 by Egerton Capital (UK) LLP, Egerton Capital (UK) LLP reported having sole voting power and sole dispositive power over 13,671,287 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 and internal controls, (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.

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 Chief Executive Officer and senior management to determine the appropriate level of the Company's exposure to risk.

We have reviewed and discussed the Company's audited financial statements as of and for the year ended January 29, 2022 and met with both management and the Company's 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 the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") and the Commission. The Company's independent auditors also provided to us the written disclosures and the letter required by applicable requirements of the PCAOB 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 the Company's audited financial statements be included in our 2021 10-K for filing with the Commission.

We have appointed Ernst & Young LLP as the Company's independent registered public accountants.

Audit Committee

Stephen D. Steinour, Chair
Francis A. Hondal
Michael G. Morris
J.K. Symancyk

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

During our 2021 fiscal year, Ernst & Young LLP served as the Company's independent registered public accountants and in that capacity rendered an opinion on our consolidated financial statements as of and for the fiscal year ended January 29, 2022. The Audit Committee 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 fiscal years 2021 and 2020 were approximately $6,364,000 and $6,790,000, respectively. These amounts include fees for professional services rendered by Ernst & Young LLP in connection with the audit of our consolidated financial statements and reviews of our unaudited consolidated interim financial statements, as well as fees for services that generally only the independent auditor can reasonably be expected to provide, including comfort letters and consultation regarding financial accounting and/or reporting standards. These amounts also include fees for services rendered in connection with the audit of our internal control over financial reporting, fees for services rendered in connection with statutory audits of our international subsidiaries' financial statements and fees for audit services in connection with the Separation.

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 fiscal years 2021 and 2020 were approximately $227,000 and $367,000, 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 not required by statute or regulation.

Tax Fees

The aggregate fees for tax services rendered by Ernst & Young LLP for fiscal years 2021 and 2020 were approximately $327,000 and $151,000, respectively. Tax fees include tax compliance and advisory services.

All Other Fees

No fees for other services were paid to Ernst & Young LLP for fiscal years 2021 and 2020.

Pre-approval Policies and Procedures

Our Audit Committee is required to pre-approve the audit and non-audit services performed by Ernst & Young LLP in order to ensure that these services do not impair Ernst & Young LLP's independence from us. We maintain an auditor independence policy that, among other things, mandates that our Audit Committee annually pre-approves all audit and permitted non-audit services expected to be performed each year by Ernst & Young LLP and the related fees. This policy also mandates that we may not enter into engagements with Ernst & Young LLP for other permissible non-audit services without the express pre-approval of the Audit Committee. In accordance with this policy, the Audit Committee pre-approved all services performed by Ernst & Young LLP in 2021 and 2020.

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 our 2023 annual meeting of stockholders must be received by the Secretary of the Company at our principal executive offices on or before December 2, 2022.

Stockholder Director Nominations for Inclusion in 2022 Proxy Statement

Written notice of stockholder nominations of persons for election as a director at our 2023 annual meeting of stockholders that are to be included in our proxy statement for the 2023 annual meeting of stockholders pursuant to the proxy access provisions in Section 2.05 of our Bylaws must be received by the Secretary of the Company at our principal executive offices no earlier than November 2, 2022 and no later than December 2, 2022. The notice must contain the information required by our Bylaws.

Other Stockholder Proposals

If a stockholder intends to present a proposal or nominate a person for election as a director at the 2023 annual meeting other than as described above, the stockholder must comply with the requirements set forth in Section 2.04 of 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 11, 2023 and no later than March 13, 2023. The notice must contain the information required by our Bylaws.

SOLICITATION EXPENSES

We are soliciting proxies primarily by the use of the mail. However, we may also solicit proxies by telephone, email and personal solicitation, in addition to the use of the mail. To the extent our directors or associates participate in this solicitation, they will not receive compensation for their participation, other than their normal compensation. D.F. King & Co. Inc. assists us with the solicitation for a fee of $12,500 plus reasonable out-of-pocket expenses. We will, upon request, reimburse banks, brokerage houses and other institutions, nominees and fiduciaries for their expenses in forwarding proxy materials to beneficial owners. We bear all costs associated with this proxy solicitation.

By Order of the Board of Directors,

Sarah E. Nash
Executive Chair

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APPENDIX A

Proposed Bath & Body Works, Inc. Associate Stock Purchase Plan

BATH & BODY WORKS, INC.
ASSOCIATE STOCK PURCHASE PLAN

Section 1. ***Purpose.*** This Bath & Body Works, Inc. Associate Stock Purchase Plan (the "**Plan**") is intended to provide employees of the Company and its Participating Companies with an opportunity to acquire a proprietary interest in the Company through the purchase of Shares. The Plan has two components: (a) one component (the "**423 Component**") is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and the Plan will be interpreted in a manner that is consistent with that intent, and (b) the other component (the "**Non-423 Component**"), which is not intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, authorizes the grant of options to purchase Shares pursuant to rules, procedures or sub-plans adopted by the Committee that may be designed to achieve certain tax, securities laws or other objectives for Eligible Employees, as determined in the discretion of the Committee. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

Section 2. ***Definitions.***

(a) ***"Affiliate"*** means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

(b) ***"ASPP Share Account"*** means an account into which Shares purchased with accumulated payroll deductions at the end of an Offering Period are deposited on behalf of a Participant.

(c) ***"Board"*** means the Board of Directors of the Company.

(d) ***"Code"*** means the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provision thereto.

(e) ***"Committee"*** means the Human Capital and Compensation Committee of the Board, unless another committee is designated by the Board. If there is no Human Capital and Compensation Committee of the Board and the Board does not designate another committee, references herein to the "Committee" shall refer to the Board.

(f) ***"Company"***means Bath & Body Works, Inc., a Delaware corporation, and any successor corporation.

(g) ***"Compensation"*** means the base salary and wages paid to an Eligible Employee by the Company or a Participating Company as compensation for services to the Company or Participating Company, before deduction for any salary deferral contributions made by the Eligible Employee to any tax-qualified or nonqualified deferred compensation plan, but excluding cash or equity-based incentive compensation, bonuses, or other similar payments. The Committee may change the definition of Compensation on a prospective basis.

(h) ***"Corporate Transaction"*** means a merger, consolidation, acquisition of property or stock, separation, reorganization or other corporate event described in Section 424 of the Code.

(i) ***"Designated Broker"*** means the financial services firm or other agent designated by the Company to maintain ASPP Share Accounts on behalf of Participants who have purchased Shares under the Plan.

(j) ***"Effective Date"*** means May 12, 2022, subject to approval by the Board and the stockholders of the Company in accordance with Section 19(k).

(k) ***"Eligible Employee"*** means an Employee who has completed (or who has been credited with) at least six (6) months of continuous employment service with the Company or any of the Participating Companies as of the applicable Offering Date (or such other period of employment as determined by the Committee in accordance with Treasury Regulation Section 1.423-2(e); provided, however, that the Committee retains discretion to determine which Eligible Employees may participate in the Plan or any Offering pursuant to and consistent with Treasury Regulation Sections 1.423-2(e) and (f). Notwithstanding the foregoing, the Committee (i) may exclude from participation in the Plan or any Offering any Employees who are "highly compensated employees'' or a sub-set of such ''highly compensated employees'' (within the meaning of Section 414(q) of the Code) or who otherwise may be excluded from participation pursuant to Treasury Regulation Section 1.423-2(e) and (ii) may exclude any Employees located outside of the United States to the extent permitted under Section 423 of the Code.

(l) ***"Employee"*** means any person who renders services to the Company or a Participating Company as an employee (whether on a full-time or part-time basis) pursuant to an employment relationship with such employer. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave, parental leave or other leave of absence approved by the Company or a Participating Company that meets the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months and the individual's right to reemployment is not provided by statute or contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treasury Regulation Section 1.421-1(h)(2).

(m) ***"Enrollment Form"*** means a written agreement (which may be in an electronic or other form specified by the Committee) pursuant to which an Eligible Employee may elect to enroll in the Plan, to authorize a new level of payroll deductions, or to stop payroll deductions and withdraw from an Offering.

(n) ***"Exchange Act"*** means the Securities Exchange Act of 1934, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Exchange Act shall include any successor provision thereto.

(o) ***"Fair Market Value"*** means, as of any date, the closing price of a Share on the Trading Day immediately preceding the date of determination (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred), on the principal stock market or exchange on which Shares are quoted or traded, or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Committee, which such determination shall be conclusive and binding on all persons.

(p) ***"Initial Offering Period"*** means the Offering Period commencing on January 1, 2023 and ending on June 30, 2023, unless otherwise determined by the Committee (or its delegate).

(q) ***"Offering"*** means the grant of options to purchase Shares under the 423 Component or the Non-423 Component, as applicable, to Eligible Employees under terms approved by the Committee.

(r) ***"Offering Date"*** means, with respect to each Offering Period, the first Trading Day of such Offering Period as designated by the Committee.

(s) ***"Offering Period"*** means the period described in Section 5.

(t) ***"Offering Period Limit"*** has the meaning set forth in Section 7.

(u) ***"Participant"*** means an Eligible Employee who is actively participating in the Plan.

(v) ***"Participating Companies"*** means the Subsidiaries and Affiliates that have been designated by the Committee as eligible to participate in the Plan, and such other Subsidiaries and Affiliates that may be designated by the Committee from time to time in its sole discretion. For purposes of the 423 Component, only the Company and its Subsidiaries may be Participating Companies; provided, however, that at any given time, a Subsidiary that is a Participating Company under the 423 Component will not be a Participating Company under the Non-423 Component. The Committee may designate any Subsidiary or Affiliate as a Participating Company, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders of the Company.

(w) ***"Plan"*** means this Bath & Body Works, Inc. Associate Stock Purchase Plan, as set forth herein, and as amended from time to time.

(x) ***"Purchase Date"*** means one or more dates during an Offering Period, as established by the Committee, on which options granted under the Plan will be exercised and purchases of Shares will be carried out in accordance with the terms of the applicable Offering; provided that, unless otherwise determined by the Committee, each Offering Period will have one Purchase Date on the last Trading Day of such Offering Period.

(y) ***"Purchase Price"*** means an amount equal to eighty-five percent (85%) of the Fair Market Value of a Share on the Purchase Date; provided that the Purchase Price per Share will in no event be less than the par value of the Shares.

(z) ***"Securities Act"*** means the Securities Act of 1933, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Securities Act includes any successor provision thereto.

(aa) ***"Share"*** means a share of the Company's common stock, $0.50 par value.

(bb) ***"Subsidiary"*** means any corporation, domestic or foreign, in an unbroken chain of corporations beginning with the Company of which at the time of the granting of an option pursuant to Section 7, not less than 50% of the total combined voting power of all classes of stock are held by the Company or a Subsidiary, whether or not such corporation exists now or is hereafter organized or acquired by the Company or a Subsidiary; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

(cc) ***"Trading Day"*** means any day on which the national stock exchange upon which the Shares are listed is open for trading.

(dd) ***"Treasury Regulations"*** means the Treasury regulations promulgated under the Code. Any reference to a provision in a Treasury regulation includes any successor provision thereto.

Section 3. ***Administration.***

(a) Administration of Plan. The Plan shall be administered by the Committee which shall have the authority to construe and interpret the Plan, prescribe, amend and rescind rules relating to the Plan's administration and take any other actions necessary or desirable for the administration of the Plan including, without limitation, adopting sub-plans and special rules applicable to particular Participating Companies or locations, which sub-plans or special rules may be designed to be outside the scope of Section 423 of the Code or under the Non-423 Component. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan. The decisions of the Committee shall be final and binding on all persons. All expenses of administering the Plan shall be borne by the Company. Notwithstanding anything in the Plan to the contrary and without limiting the generality of the foregoing, the Committee shall have the authority to change the minimum and maximum amounts of Compensation for payroll deductions pursuant to Section 6(a), the frequency with which a Participant may elect to change the Participant's rate of payroll deductions pursuant to Section 6(b), the dates by which a Participant is required to submit an Enrollment Form pursuant to Section 6(b) and Section 10(a), the effective date of a Participant's withdrawal due to termination or transfer of employment or change in status pursuant to Section 11, and the withholding procedures pursuant to Section 19(m).

(b) Delegation of Authority. To the extent permitted by applicable law, including under Section 157(c) of the Delaware General Corporation Law, the Committee may delegate to (i) one or more officers of the Company some or all of its authority under the Plan and (ii) one or more committees of the Board some or all of its authority under the Plan.

Section 4. Eligibility.

(a) Eligibility Generally. In order to participate in an Offering, an Eligible Employee must deliver a completed Enrollment Form to the Company at least five (5) business days prior to the Offering Date (unless a different time is set by the Company for all Eligible Employees with respect to such Offering) and must elect the Eligible Employee's payroll deduction rate as described in Section 6.

(b) Limitations on Eligibility. Notwithstanding any provision of the Plan to the contrary, no Eligible Employee shall be granted an option under the 423 Component if (i) immediately after the grant of the option, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own stock of the Company or hold outstanding options to purchase stock of the Company possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary or (ii) such option would permit such Eligible Employee's rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate that exceeds $25,000 of the Fair Market Value of such stock (determined at the time the option is granted) for each calendar year in which such option is outstanding at any time, in accordance with the provisions of Section 423(b)(8) of the Code.

Section 5. ***Offering Periods.*** Following the completion of the Initial Offering Period, the Plan shall be implemented by subsequent Offering Periods, each of which shall be approximately six (6) months in duration, with new Offering Periods commencing on or about January 1 and July 1 of each year. The Committee shall have, prior to the commencement of a particular Offering Period, the authority to change the duration, frequency, start and end dates of Offering Periods (subject to a maximum Offering Period of twenty-seven (27) months).

Section 6. ***Participation.***

(a) Enrollment; Payroll Deductions. An Eligible Employee may elect to participate in the Plan by properly completing an Enrollment Form, which may be electronic, and submitting it to the Company, in accordance with the enrollment procedures established by the Committee. Participation in the Plan is entirely voluntary. By submitting an Enrollment Form, the Eligible Employee authorizes payroll deductions from the Eligible Employee's paycheck in an amount equal to a whole percentage (of at least one percent (1%) but no greater than ten percent (10%)) of the Eligible Employee's Compensation on each payday occurring during an Offering Period. Payroll deductions shall commence as soon as administratively practicable following the Offering Date and end on the latest practicable payroll date on or before the Purchase Date. The Company shall maintain records of all payroll deductions but shall have no obligation to pay interest on payroll deductions or to hold such amounts in a trust or in any segregated account, except as may be required by applicable law. Unless expressly permitted by the Committee, a Participant may not make any separate contributions or payments to the Plan. For the avoidance of doubt, all payroll deductions during an Offering Period that are made under the Plan from a Participant's Compensation shall be made on an after-tax basis. If payroll deductions during an Offering Period for purposes of the Plan are prohibited or otherwise problematic under applicable law (as determined by the Committee in its discretion), the Committee may permit Participants to contribute to the Plan by such other means as determined by the Committee. Any reference to ''payroll deductions'' in this Section 6(a) (or in any other section of the Plan) will similarly cover contributions by other means made pursuant to this Section 6(a).

(b) Election Changes. During an Offering Period, a Participant may not increase or decrease the Participant's rate of payroll deductions applicable to such Offering Period. A Participant may increase or decrease the Participant's rate of payroll deductions for future Offering Periods by submitting a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen (15) days before the start of the next Offering Period.

(c) Automatic Re-enrollment. The deduction rate selected in the Enrollment Form shall remain in effect for subsequent Offering Periods unless the Participant (i) submits a new Enrollment Form authorizing a new level of payroll deductions in accordance with Section 6(b), (ii) withdraws from the Plan in accordance with Section 10, or (iii) terminates employment or otherwise becomes ineligible to participate in the Plan.

Section 7. ***Grant of Option.*** On each Offering Date, each Participant in the applicable Offering Period shall be granted an option to purchase, on the Purchase Date, a number of Shares determined by dividing the Participant's accumulated payroll deductions in respect of such Offering Period by the applicable Purchase Price; provided, that the maximum number of Shares that may be purchased by a Participant during an Offering Period shall not exceed 1,000 Shares or such other maximum number of Shares as the Committee may establish from time to time before an Offering Period begins, subject to adjustment in accordance with Section 18 and the limitations set forth in Section 4 and Section 13 of the Plan (the ''Offering Period Limit'').

Section 8. ***Exercise of Option/Purchase of Shares.***

(a) A Participant's option to purchase Shares will be exercised automatically on the Purchase Date of each Offering Period. The Participant's accumulated payroll deductions will be used to purchase the maximum number of whole Shares that can be purchased with the amounts in the Participant's notional account, subject to the Offering Period Limit. During a Participant's lifetime, the Participant's option to purchase Shares under the Plan is exercisable only by the Participant.

(b) No fractional Shares may be purchased, but contributions unused in an applicable Offering Period due to being less than the Purchase Price of a whole Share (and thereby representing a fractional Share) will be carried forward to the next Offering Period, subject to earlier withdrawal by the Participant in accordance with Section 10 or termination of employment or change in employment status in accordance with Section 11.

Section 9. ***Transfer of Shares.*** As soon as administratively practicable after each Purchase Date, the Company will arrange for the delivery to each Participant of the Shares purchased upon exercise of the Participant's option. Unless otherwise determined by the Committee, the Committee will require that the Shares be deposited directly into an ASPP Share Account established in the name of the Participant with a Designated Broker and may require that the Shares be retained with the Designated Broker for a specified period of time. Participants will not have any voting, dividend or other rights of a stockholder with respect to the Shares subject to any option granted under the Plan until such Shares have been delivered pursuant to this Section 9.

Section 10. ***Withdrawal.***

(a) Withdrawal Procedure. A Participant may withdraw from an Offering by submitting to the Company a revised Enrollment Form indicating the Participant's election to withdraw at least thirty (30) days before the Purchase Date. The accumulated payroll deductions held on behalf of a Participant in the Participant's notional account (that have not been used to purchase Shares) shall be paid to the Participant as soon as administratively practicable following receipt of the Participant's Enrollment Form indicating the Participant's election to withdraw and the Participant's option shall be automatically terminated. If a Participant withdraws from an Offering Period, no payroll deductions will be made during any succeeding Offering Period, unless the Participant re-enrolls in accordance with Section 6(a) of the Plan.

(b) Effect on Succeeding Offering Periods. A Participant's election to withdraw from an Offering Period will not have any effect upon the Participant's eligibility to participate in succeeding Offering Periods that commence following the completion of the Offering Period from which the Participant withdraws.

Section 11. ***Termination of Employment; Change in Employment Status.*** Notwithstanding Section 10, upon termination of a Participant's employment for any reason prior to the Purchase Date, including death, disability or retirement, or a change in the Participant's employment status following which the Participant is no longer an Eligible Employee, (a) if such termination occurs at least thirty (30) days before the Purchase Date, the Participant will be deemed to have withdrawn from the applicable Offering in accordance with Section 10 and the payroll deductions in the Participant's notional account (that have not been used to purchase Shares) shall be returned as soon as administratively practicable to the Participant, or in the case of the Participant's death, to the person(s) entitled to such amounts by will or the laws of descent and distribution, and the Participant's option shall be automatically terminated, and (b) if such termination occurs within less than thirty (30) days prior to the Purchase Date, the Participant will not be treated as having withdrawn from such applicable Offering and the accumulated payroll deductions in the Participant's notional account will be used to purchase Shares on the applicable Purchase Date, and the Participant will thereafter be deemed to have withdrawn from the next subsequent Offering in accordance with Section 10 immediately prior to the commencement of such applicable Offering Period. Unless otherwise determined by the Committee, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company or any Participating Company will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; provided, however, if such transfer or employment termination and rehire results in the transfer of the Participant's participation in an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's option will be qualified under the 423 Component only to the extent that such option and exercise complies with Section 423 of the Code. If such transfer or employment termination and rehire results in the transfer of the Participant's participation in an Offering under the Non-423 Component to an Offering under the 423 Component, the Participant's option and the exercise of such option will remain non-qualified under the Non-423 Component.

Section 12. ***No Interest.*** No interest shall accrue on or be payable with respect to the payroll deductions of a Participant in the Plan, except as may be required by applicable law.

Section 13. ***Shares Reserved for Plan.***

Number of Shares. The maximum number of Shares available for issuance under the Plan shall not exceed in the aggregate 2,400,000 Shares, subject to adjustment as provided in Section 18. The Shares may be newly issued Shares, treasury Shares or Shares acquired on the open market. If any purchase of Shares pursuant to an option under the Plan is not consummated, the Shares not purchased under such option will again become available for issuance under the Plan. Any or all Shares reserved under this Section 13(a) may be granted under the 423 Component.

(a) Over-subscribed Offerings. If the Committee determines that, on a particular Purchase Date, the number of Shares with respect to which options are to be exercised exceeds either the number of Shares then available under the Plan, the Company shall make a pro rata allocation of the Shares remaining available for purchase in as uniform a manner as practicable and as the Committee determines to be equitable. No option granted under the Plan shall permit a Participant to purchase Shares which, if added together with the total number of Shares purchased by all other Participants in such Offering, would exceed the total number of Shares remaining available under the Plan.

Section 14. ***Transferability.*** No payroll deductions credited to a Participant, nor any rights with respect to the exercise of an option or any rights to receive Shares hereunder may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution, or as provided in Section 17) by the Participant. Any attempt to assign, transfer, pledge or otherwise dispose of such rights or amounts shall be without effect.

Section 15. ***Application of Funds.*** All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose to the extent permitted by applicable law, and the Company shall not be required to segregate such payroll deductions or contributions.

Section 16. ***Statements.*** Statements will be made available (in such form as determined by the Committee, including in electronic form) to Participants at least annually which shall set forth the contributions made by the Participant to the Plan, the Purchase Price of any Shares purchased with accumulated funds, the number of Shares purchased, and any payroll deduction amounts remaining in the Participant's notional account.

Section 17. ***Designation of Beneficiary.*** If permitted by the Committee, a Participant may file, on forms supplied by the Committee, a written designation of beneficiary who, in the event of the Participant's death, is to receive any Shares from the Participant's ASPP Share Account or any payroll deduction amounts remaining in the Participant's notional account.

Section 18. ***Adjustments Upon Changes in Capitalization; Dissolution or Liquidation; Corporate Transactions.***

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the Company's structure affecting the Shares occurs, then in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Committee will, in such manner as it deems equitable, adjust the number of Shares and class of Shares that may be delivered under the Plan, the Purchase Price per Share and the number of Shares covered by each outstanding option under the Plan, and the numerical limits of Section 7 and Section 13.

(b) Dissolution or Liquidation. Unless otherwise determined by the Committee, in the event of a proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a new Purchase Date and the Offering Period will end immediately prior to the proposed dissolution or liquidation. The new Purchase Date will be before the date of the Company's proposed dissolution or liquidation. Before the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's option will be exercised automatically on such date, unless before such time, the Participant has withdrawn from the Offering in accordance with Section 10 (or deemed to have withdrawn in accordance with Section 11).

(c) Corporate Transaction. In the event of a Corporate Transaction, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a parent or Subsidiary of such successor corporation. If the successor corporation refuses to assume or substitute the option, the Offering Period with respect to which the option relates will be shortened by setting a new Purchase Date on which the Offering Period will end. The new Purchase Date will occur before the date of the Corporate Transaction. Prior to the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's option will be exercised automatically on such date, unless before such date, the Participant has withdrawn (or, pursuant to Section 11, been deemed to have withdrawn) from the Offering in accordance with Section 10. Notwithstanding the foregoing, in the event of a Corporate Transaction, the Committee may also elect to terminate all outstanding Offering Periods in accordance with Section 19(i).

Section 19. ***General Provisions.***

(a) Equal Rights and Privileges under the 423 Component. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, all Eligible Employees who are granted options under the 423 Component shall have the same rights and privileges.

(b) No Right to Continued Service. Neither the Plan nor any compensation paid hereunder will confer on any Participant the right to continue as an Employee or in any other capacity.

(c) Rights as Stockholder. A Participant will become a stockholder with respect to the Shares that are purchased pursuant to options granted under the Plan when the Shares are transferred to the Participant or, if applicable, to the Participant's ASPP Share Account. A Participant will have no rights as a stockholder with respect to Shares for which an election to participate in an Offering Period has been made until such Participant becomes a stockholder as provided herein.

(d) Successors and Assigns. The Plan shall be binding on the Company and its successors and assigns.

(e) Entire Plan. This Plan constitutes the entire plan with respect to the subject matter hereof and supersedes all prior plans with respect to the subject matter hereof.

(f) Compliance with Law. The obligations of the Company with respect to payments under the Plan are subject to compliance with all applicable laws and regulations. Shares shall not be issued with respect to an option granted under the Plan unless the exercise of such option and the issuance and delivery of the Shares pursuant thereto shall comply with all applicable provisions of law, including, without limitation, the Securities Act, the Exchange Act, and the requirements of any stock exchange upon which the Shares may then be listed.

(g) Disqualifying Dispositions Under the 423 Component. Each Participant shall give the Company prompt written notice of any disposition or other transfer of Shares acquired pursuant to the exercise of an option acquired under the 423 Component, if such disposition or transfer is made within two years after the Offering Date or within one year after the Purchase Date.

(h) Term of Plan. The Plan shall become effective on the Effective Date and, unless terminated earlier pursuant to Section 19(i), shall have a term of ten years.

(i) Amendment or Termination. The Committee may, in its sole discretion, amend, suspend or terminate the Plan at any time and for any reason. If the Plan is terminated, the Committee may elect to terminate all outstanding Offering Periods either immediately or once Shares have been purchased on the next Purchase Date or permit Offering Periods to expire in accordance with their terms (and subject to any adjustment in accordance with Section 18). If any Offering Period is terminated before its scheduled expiration, all amounts that have not been used to purchase Shares will be returned to Participants (without interest, except as otherwise required by law) as soon as administratively practicable.

(j) Applicable Law. The laws of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of the Plan, without regard to such state's conflict of law rules.

(k) Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board.

(l) Section 423 Component Tax Treatment. The 423 Component is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and any provision of the Plan that is inconsistent with Section 423 of the Code shall be reformed to comply with Section 423 of the Code. With respect to the 423 Component, all options are intended to be treated as "statutory stock options" within the meaning of Treasury Regulation §1.409A-1(b)(5)(ii), and the Plan and the options will be interpreted and administered accordingly. Notwithstanding anything to the contrary in the Plan, neither the Company nor the

Committee, nor any person acting on behalf of the Company or the Committee, will be liable to any Participant or other person by reason of any acceleration of income, any additional tax, or any other tax or liability asserted by reason of the failure of the Plan or any option to be exempt from or satisfy the requirements of Section 423 or 409A of the Code.

(m) Withholding. To the extent required by applicable Federal, state, local or foreign law, a Participant must make arrangements satisfactory to the Company for the payment of any withholding or similar tax obligations that arise in connection with the Plan. At any time, the Company or any Subsidiary or Affiliate may, but will not be obligated to, withhold from a Participant's compensation the amount necessary for the Company or any Subsidiary or Affiliate to meet applicable withholding obligations, including any withholding required to make available to the Company or any Subsidiary or Affiliate any tax deductions or benefits attributable to the sale or early disposition of Shares by such Participant. In addition, the Company or any Subsidiary or Affiliate may, but will not be obligated to, withhold from the proceeds of the sale of Shares or any other method of withholding that the Company or any Subsidiary or Affiliate deems appropriate to the extent permitted by, where applicable, Treasury Regulation Section 1.423-2(f). The Company will not be required to issue any Shares under the Plan until such obligations are satisfied.

(n) Severability. If any provision of the Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed as if such invalid or unenforceable provision were omitted.

(o) Headings. The headings of sections herein are included solely for convenience and shall not affect the meaning of any of the provisions of the Plan.

APPENDIX B

Non-GAAP Financial Measure

As used in this proxy statement, adjusted operating income for the Fall 2021 season (i.e., the third and fourth quarters of fiscal year 2021) means the operating income of the Company excluding certain special items and unallocated corporate overhead costs. The HCC Committee used adjusted operating income because it is a performance measure over which the Company's executives can have significant impact and is also directly linked to the Company's long-term growth plan and performance that drive stockholder value. The special item was excluded because it is not indicative of our ongoing operations due to its size and nature. Corporate overhead costs were excluded because these costs were shared with the Victoria's Secret business prior to the Separation. Our definition of adjusted operating income may differ from similarly titled measures used by other companies. The table below reconciles the adjusted operating income of the Company for the Fall 2021 season to the Company's operating income, the most comparable GAAP financial measure.

Reconciliation of Reported Operating Income to Adjusted Operating Income for Purposes of Plan (in millions)

	2021 Fall Season
Reported Operating Income	$1,288
Plus: Write-off of Inventory due to Tornado[1]	9
Plus: Unallocated Corporate Overhead Costs[2]	64
Adjusted Operating Income for Purposes of Plan	$1,361

(1) In the fourth quarter of 2021, we recognized a pre-tax loss of $9 million related to the write-off of inventory that was destroyed by a tornado at a vendor's facility.

(2) Unallocated Corporate Overhead Costs include infrastructure and governance functions and other non-recurring items that are deemed to be corporate in nature.

Proxy Statement

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

FORM 10-K

(Mark One)

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

For the fiscal year ended January 29, 2022

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

BATH & BODY WORKS, 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	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 Par Value	BBWI	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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 approximately $21.2 billion.

Number of shares outstanding of the registrant's Common Stock as of March 11, 2022: 238,910,116.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference into Part III.

Table of Contents

PART I

ITEM 1. BUSINESS.

General

The company, which was founded in 1963 in Columbus, Ohio, has evolved over time from an apparel-based specialty retailer to a segment leader focused on home fragrance, body care products and soaps and sanitizer products operating under the Bath & Body Works, White Barn and other brand names. On August 2, 2021, the company completed the spin-off of its Victoria's Secret business, which included the Victoria's Secret and PINK brands, into an independent publicly traded company ("Victoria's Secret & Co." and such transaction, the "Separation") on a tax-free basis. Accordingly, the operating results of the Victoria's Secret business are reported as discontinued operations for all periods presented. All discussion within this Annual Report on Form 10-K, including amounts, percentages and disclosures for all periods presented, reflect only the continuing operations of the company unless otherwise noted. In connection with the spin-off of the Victoria's Secret business, the company changed its name from L Brands, Inc. to Bath & Body Works, Inc. ("we," the "Company" or "Bath & Body Works"). Additionally, starting August 3, 2021, our common stock began trading under the stock symbol "BBWI."

We make the world a brighter, happier place through the power of fragrance. This idea is what we were founded on, and it's at the heart of everything we do. We're a team that cares about our customers and believes in giving them a reason to celebrate with fragrance every day. We remain committed to fostering a diverse, equitable and inclusive culture that is focused on delivering exceptional fragrances and experiences. We work hard to improve our communities and our planet because we believe the world is a better place whenever everyone has access to the things that make them happy. We are one of the world's leading specialty retailers and home to America's Favorite Fragrances® offering a breadth of exclusive fragrances for the body and home, including the number one selling collections for fine fragrance mist, body lotion and body cream, 3-wick candles, home fragrance diffusers and liquid hand soap. For more than 30 years, customers have looked to Bath & Body Works for quality, on-trend products and the newest, freshest fragrances.

We believe we benefit from global brand awareness, a wide and compelling product assortment and a deep connection with our customers. As of January 29, 2022, our merchandise is sold through 1,755 company-operated stores and e-commerce sites in the United States of America ("U.S.") and Canada, and in 338 stores and 27 e-commerce sites in more than 35 other countries operating under franchise, license and wholesale arrangements.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "2021," "2020" and "2019" refer to the 52-week periods ended January 29, 2022, January 30, 2021 and February 1, 2020, respectively.

Our Competitive 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 and Products

We have developed and operate a well-known, beloved and broadly appealing brand, which allows us to target markets across the economic spectrum, across demographics and across the world. Customers look to us to celebrate the season, transport them to a time and place, decorate their home, and find the perfect gift. During 2021, we grew our active customer file to over 60 million customers, an increase of 13% compared to pre-coronavirus pandemic levels. We benefit from a diverse range of customers who are loyal brand enthusiasts, with retention rates over 60% and increasing levels of average spend in 2021.

We have developed trusted and market leading products in the body care, home fragrance, and soap and sanitizer categories. Our products are differentiated through a combination of fragrance, packaging and quality at an accessible price. We also sell products under our trusted sub brands, including White Barn and Aromatherapy.

In-Store Experience and Store Operations

We view our customers' in-store experience as an important vehicle for communicating the image of our brand. We utilize visual presentation of merchandise, in-store marketing, music and our sales associates to reinforce the image represented by our brand. Our in-store marketing is designed to convey the principal elements and personality of our brand. The store design, visual marketing and storytelling, fixtures, scents, and music are all carefully planned and coordinated to create a unique shopping experience. We display 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.

Digital Experience

In addition to our in-store experience, we strive to create a customer-centric digital platform that integrates the digital and physical brand experience and enables convenience for the customer when desired. Our digital presence, including social media, our websites and our mobile applications, allows us to get to know our customers better and communicate with them anytime and anywhere.

Product Development, Sourcing and Logistics

Quality and innovation are at the core of our sourcing strategy. We seek to drive efficiencies and mitigate risk through our strong technical research and prolific product development. We believe a large part of our success comes from frequent new fragrances, packaging and other product launches. Our merchant, design and sourcing teams have a long history of bringing innovative and covetable products to our customers.

Our strategic vendor relationships provide deep capabilities across our product categories. Our supply base, which is predominantly located in North America, includes numerous long-standing vendor relationships. We also utilize the Beauty Park, a business park that includes several vendors in our vertically-integrated supply chain within close proximity of our Columbus, Ohio distribution centers. We believe the partnerships with our vendors help to deliver high-quality products to our customers and enable us to respond quickly to shifting consumer trends.

We utilize Company-owned distribution centers located in the Columbus, Ohio area to support our operations. We also utilize third-party regional distribution centers located throughout North America that enable us to position inventory geographically closer to stores. Additionally, we utilize third-party operated direct channel fulfillment centers, and pop-up third-party operated fulfillment facilities throughout North America to support peak needs. Finally, we are investing in a new Company-operated fulfillment center in Columbus, Ohio to support the anticipated future growth of our online business.

Experienced and Committed Management Team

Our senior management team has a wealth of retail and business experience at Bath & Body Works, Inc. and other companies such as Ann Taylor and Loft, Banana Republic, Ross Stores, Abercrombie & Fitch, Madewell, Carter’s, Rosetta Stone, IBM, KPMG and Accenture. We believe that we have one of the most experienced management teams in retail.

Growth Strategy

Growth in existing categories

We believe that we are well positioned to capitalize on a growing market and will continue to innovate and drive the market through new forms, new fragrances and additional products. Our products are designed to be used daily and replenished frequently. Our product pipeline is full and we expect to continue to launch new fragrances and products about every four to six weeks. We believe we have opportunity for growth in our existing categories through the constant flow of new product launches, formula upgrades and packaging refreshes, which drives traffic and repeat customers. In the near term, we plan on repackaging many of our best-selling fragrances, upgrading certain of our formulas and testing various new container and vessel concepts in candles and soaps.

Growth in new or adjacent categories

We are also focused on innovation into new categories and new forms, such as recent launches of spray sanitizers and bar soaps. We see growth opportunities by leveraging current strengths into new categories such as men's and wellness products, facial skincare, hair care, home care, and adjacent cleanser, moisturizing and candle categories. Our men’s collection has been the fastest growing part of our body care assortment during 2021, and we will continue to focus on and expand the collection. Men’s antiperspirant and deodorant is currently featured in about one-third of our stores, and we plan to introduce these products to all stores in 2022. We are also testing an expanded men’s shop in a few stores, which will include an expanded men’s assortment featuring hair care, beard care, face and shave.

We are also focused on developing clean and eco-friendly products for our customers and our planet. We recently introduced recycled plastics across certain categories. By the end of 2022, we plan to have all of our plastic bottles made from a minimum of 50%, and up to 100%, of post-consumer recycled content.

Growth in direct channel

We see a significant opportunity for growth in the direct channel (also referred to as digital or e-commerce) by continuing to invest in capabilities to provide an exceptional customer experience. We are continuously improving the online experience by enhancing graphics, video and the marketing/content mix, as well as making our websites and mobile application easier to navigate. To increase speed to our customers, we upgraded the order management system and are investing in a Company-operated direct channel fulfillment center to complement the six permanent third-party operated direct channel fulfillment centers we utilize. Over time, we expect this additional fulfillment center, which will be highly automated, will support the growth of our direct channel.

We are focused on omnichannel initiatives and enhanced capabilities to engage our customers how, when and where they want, including offering buy online, pick-up in store ("BOPIS") at approximately 550 locations as of January 29, 2022. We plan to introduce BOPIS to approximately 250 additional stores in the near term. Our increased focus on mobile and application interactions will continue to provide flexibility and convenience to our customers, while creating a seamless shopping experience. Our shopping and services initiatives will continue to modernize the customer's digital shopping experience through features like a loyalty program, shoppable mobile application and auto-replenishment. Further, with our customer at the core of our strategy, we are also increasing the personalization of our digital platforms through site experience and expanded text messaging marketing designed for our customers.

During 2021, we launched a Company-operated e-commerce website servicing our customers in Canada. In 2022, we plan to introduce our new customer loyalty program to our entire chain of U.S. stores. We have been piloting the loyalty program in select markets and have been encouraged by the results. Our loyalty members generally have higher spend and retention rates than our average customer. The program will also provide us with in-depth customer data that will enable us to market more effectively.

Growth internationally

We believe that there is substantial opportunity for international growth. Scaling opportunities in existing markets coupled with growth in new markets set the foundation for sustained growth. We believe our fragrance portfolio allows successful olfactive distortions to local preferences. Our franchise partners are committed to greater expansion and opened 50 net new stores in 2021, bringing the total to 338 internationally as of January 29, 2022. Our partners plan to open 70 to 100 new international stores in 2022. Additionally, we expect to continue growing the digital components of our international business, including through country-specific web platforms tailored to local languages and preferences and through additional regional expansion. As of January 29, 2022, our partners operated 27 international websites, an increase of 6 from January 30, 2021.

Real Estate

Company-operated Stores

We have a diversified store portfolio in the U.S. and Canada across venue tiers and types, with approximately half of our fleet located in shopping malls and half of our fleet located off-mall. We are continuing our off-mall expansion to limit our exposure to vulnerable mall locations. 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. We proactively manage our stores and adjust our investment levels based on performance.

Our White Barn store design has delivered increased sales and profitability, with increases in sales and traffic following remodel completion. Approximately 60% of our stores were in the White Barn store design as of January 29, 2022, and we expect to remodel approximately 50% of the remaining core stores over the next two to four years.

Over time, we expect low-single digit annual increases in North American square footage, with off-mall penetration increasing. We will open new stores in emerging non-mall venues or as replacement stores for non-viable malls, while closing stores in non-viable or declining malls. During 2021, we increased our net square footage by 3% through 54 new off-mall stores and 79 remodels, partially offset by 35 store closures, principally in malls.

We are planning approximately 150 total real estate projects in 2022, consisting of approximately 100 new off-mall stores and approximately 50 remodels to the White Barn store design, offset by about 40 to 50 mall closures, yielding expected square footage growth of approximately 6%.

The following table provides the number of our Company-operated retail stores in operation as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
United States	1,651	1,633
Canada	104	103
Total	1,755	1,736

The following table provides the changes in the number of our Company-operated retail stores for the past three fiscal years:

	Beginning of Year	Opened	Closed	End of Year
2021	1,736	54	(35)	1,755
2020	1,739	27	(30)	1,736
2019	1,721	39	(21)	1,739

Franchise, License and Wholesale Arrangements

In addition to our Company-operated stores, our products are sold at partner-operated locations and websites in more than 35 countries. Our partner-based business model allows us to own assortment, pricing architecture, promotions, store designs and real estate approval while our partners make investments as experts in local real estate, people and practices.

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 and sourcing 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 international stores operated by our partners as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
International	317	270
International - Travel Retail	21	18
Total	338	288

Our partners operated 27 websites as of January 29, 2022, compared to 21 websites as of January 30, 2021.

Additional Information

Merchandise Vendors

During 2021, we purchased merchandise from approximately 125 vendors, primarily located in North America. Our largest vendor supplied approximately 12% of our total merchandise purchases, while no other single vendor provided more than 10% of our merchandise purchases. Our five largest vendors supplied approximately 35% of our total merchandise purchases on a combined basis during 2021.

Distribution and Merchandise Inventory

Most of our merchandise is produced in the U.S. and is shipped to our distribution centers in the Columbus, Ohio area. In addition to our Company-operated distribution centers, we also utilize third-party logistics providers to warehouse and distribute product throughout North America. We proactively evaluate our distribution channels to ensure we are able to provide the right product at the right place to meet or exceed our customers' expectations. Our policy is to maintain sufficient quantities of inventories on hand in our retail stores, fulfillment and distribution centers to enable us to meet customer demand.

We continue to actively manage our inventory to adjust for the impacts of the coronavirus ("COVID-19") pandemic, including channel shifts and product category shifts. The current environment requires unprecedented agility, and we believe we are leveraging the speed that we have in our supply chain, our close partnerships with our suppliers and the capabilities of our sourcing, production and logistics teams to respond quickly.

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. Victoria's Secret & Co. currently administers and maintains operations of existing technology and serves as the technology service provider to us under a transition services agreement we entered into in connection with the Separation ("TSA"). Initiatives to separate systems are underway and will occur over a multi-year time period.

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, typically accounts for approximately one-third of our net sales and is 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 credit facility is available for additional working capital needs and investment opportunities.

Regulation

We and our products are subject to regulation by various federal, state, local and foreign regulatory authorities. We are subject to a variety of tax and 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 U.S. 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.

Other Information

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

Competition

The sale of home fragrance, body care products and soaps and sanitizer products is a highly competitive business with numerous competitors, including individual and chain specialty stores, department stores, online retailers and discount retailers. Brand image, presentation, marketing, design, price, service, fulfillment, assortment and quality are the principal competitive factors.

Human Capital Management

Human Capital

At Bath & Body Works, our purpose goes beyond selling product. We work to make a difference in our communities and foster a safe, welcoming and empowering workplace for our thousands of associates.

The Human Capital and Compensation Committee of the Company's Board of Directors oversees, amongst other things, the Company’s programs, policies, practices and strategies relating to culture, talent, diversity, equity and inclusion, equal employment opportunities and the Company’s executive compensation and succession plans.

Workforce Demographics

As of January 29, 2022, we employed approximately 56,900 associates, 48,100 of whom were part-time. The Company supplements resources using temporary associates during peak periods, such as the Christmas holiday season. Approximately 88% of our associates work in our stores, 3% in distribution centers and the balance work in home offices. None of our associates in the U.S. are covered by a collective bargaining agreement.

Our customer base is predominantly women, and we ensure that we reflect this in our associate population and in our Board room. As of January 29, 2022, women make up approximately 90% of our workforce and 44% of the members of our Board of Directors (the "Board"). Our Board is led by Sarah E. Nash, who served as Chair of the Board from May 2020 until February 22, 2022, when she assumed the role of Executive Chair.

Focus on Inclusion

We focus on recruiting, retaining and advancing diverse talent that reflects the customers we serve and the communities where we live and work. By continuing to encourage a workplace environment where diversity, equity and inclusion are valued, we believe we can serve our customers better, as well as attract and retain highly talented associates, suppliers and vendors of different backgrounds and experiences.

Led by our Office of Inclusion and with oversight from the Human Capital and Compensation Committee, we have built an inclusion strategy with five key pillars:

- Increase the diversity of candidate slates and hires for all roles.
- Develop, deploy and ensure completion of required diversity, equity and inclusion training at all levels to bring awareness and education to associates on diversity, equity and inclusion.
- Improve retention of diverse associates at all levels. Monitor culture changes and employee satisfaction through survey results and implement adjustments to better serve our associates.
- Increase volunteerism and giving to organizations promoting racial equity and social justice.
- Increase spend with minority-owned vendors.

More than 97% of our associates at the director level and above have completed training on diversity, equity and inclusion which includes training on bias, equity and conscious inclusion. The training, which will be introduced to all associates throughout the Company in 2022, emphasizes both the Company's and associates' responsibility to build an inclusive culture and accountability for senior leaders.

In addition, we have Inclusion Resource Groups that provide opportunities for associates to connect with one another around their shared passion for creating an inclusive workplace for all associates. These groups provide professional development for associates, support the needs of the business, help shape the culture of our Company and provide engagement and volunteerism in the community. We have associates who are members of the six Inclusion Resource Groups designed for associates who identify as, or are allies of, the following groups: Hispanic and Latinx; LGBTQIA+; Black and African American; Asian and Pacific Islander; entry level and junior or early career professionals; and women. During fiscal year 2021, we hosted 70 virtual events with approximately 10,000 attendees, and our associates have volunteered over 2,000 hours of time to non-profits in the communities where our associates are based.

The Company was recognized by The Human Rights Campaign's Corporate Equality Index as a 2022 "Best Place to Work for LGBTQIA+ Equality." For the fifth year in a row, the Company received a perfect - 100% - score on the index, which rates companies on detailed criteria in the following four areas:

- Non-discrimination policies across business entities;
- Equitable benefits for LGBTQIA+ workers and their families;
- Supporting inclusive culture; and
- Corporate social responsibility.

This designation recognizes our ongoing commitment to diversity, equity and inclusion.

Commitment to Equitable and Competitive Wages

We are committed to equal opportunity and treatment for all associates which includes equal career advancement opportunities and equitable and competitive wages. Our commitment to pay equity is evaluated by conducting periodic assessments of pay equity based on gender, race and ethnicity. In addition, we evaluate fairness of total compensation with reference to both internal and external comparisons.

Our compensation programs are designed to link annual changes in compensation to overall Company performance, as well as each individual's contribution to the results achieved. Our pay for performance philosophy includes participation of all salaried associates in the home offices and distribution centers in our short-term cash incentive compensation program. The emphasis on overall Company performance is intended to align the associates' financial interests with the interests of our stockholders.

Commitment to Providing Quality Benefits

We offer competitive, performance-based compensation; a company-matched savings and retirement plan; and flexible and affordable health, wellness and lifestyle benefits. Subject to certain eligibility requirements, associates can choose benefits and resources that fit their lifestyle, including, but not limited to, 14 weeks paid maternity leave, six weeks paid paternity leave, tuition reimbursement, free access to life planning services and a generous merchandise discount.

During 2021, we enhanced our benefits by extending mental health benefits to include both full-time and ongoing/non-seasonal part-time associates and their household members and dependents. In addition, we expanded adoption to include surrogacy coverage, and expanded our bereavement leave time and tuition assistance benefits.

Associate Engagement and Development

We are committed to investing in all our associates. In 2021, we conducted a survey to assess associate engagement, culture, leadership communication and effectiveness, diversity and inclusion efforts, work-life balance and career development. In 2021, 89% of associates responded to the survey with an 85% favorable engagement rate. Leaders created action plans that were incorporated into their annual goals in response to input received via the survey.

We provide diverse learning opportunities and challenging work experiences. We believe that associates can reach their career goals through multiple roles, career paths and locations. We offer a variety of enrichment experiences for those joining us as interns, new graduates, in mid-career or as a capstone to a career. Examples include:

- Development Days: Dedicated time to advance technical, creative or business skills.
- Leadership Development: Courses for associates in management positions to build critical skills and grow as effective leaders.
- Merchant-in-Training Program: Immersive program to learn the profession both on the job and from experts in the classroom.
- Onboarding: Dedicated time to learn the business and to form important relationships for mentoring and development.
- Tuition Assistance: Reimbursement of 100% of eligible tuition expenses, up to $3,000 per calendar year.

Safety Is Our Priority

The health and safety of our associates, customers and vendors is our highest priority. We provide safe and clean facilities, comply with all applicable workplace safety laws and have global safety policies and procedures to protect from avoidable injury.

In response to the COVID-19 pandemic, we implemented robust safety protocols to protect associates working in our distribution centers, stores and home offices. The vast majority of associates whose work can be done remotely are working from home. For associates who are working in our stores, offices and distribution centers, we are utilizing COVID-19 safety measures developed to align with or exceed Centers of Disease Control ("CDC") guidelines.

Code of Conduct

We have a written Code of Conduct that is based on our values and is a resource where associates can find information that defines behaviors that are acceptable and those that are not. We conduct an annual Code of Conduct compliance process which requires associates to complete a Code of Conduct disclosure and a separate training course.

We maintain an Ethics Hotline, operated by a third-party, 24 hours a day, 7 days a week where associates may anonymously report potential instances of unethical conduct and potential violations of law or Company policies.

Executive Officers of Registrant

At the end of 2021, our executive officers were as follows:

- Andrew M. Meslow, 52, has been our Chief Executive Officer ("CEO") since May 2020 and has had senior leadership positions with Bath & Body Works since 2005. Mr. Meslow, who joined the Company in 2003, has 30 years of experience in the retail industry, including previous roles at Ann Taylor and Banana Republic;
- Wendy C. Arlin, 51, has been our Executive Vice President and Chief Financial Officer since August 2021. Prior to that, Ms. Arlin served as our Corporate Controller since joining the Company in 2005;
- James L. Bersani, 63, has been our President of Real Estate since March 2014 and has led our real estate function since April 2006. Mr. Bersani has held a variety of roles in the real estate department with increasing leadership since joining the Company in 1986;
- Julie B. Rosen, 56, has been our President of Bath & Body Works since September 2020. Prior to joining the Company, Ms. Rosen was President at Ann Taylor and Loft from 2016 to 2020. She also ran her own retail consulting business with clients including Nike, Theory and Bare Escentuals and has retail experience at Banana Republic and Gap;

- Deon N. Riley, 54, has been our Chief Human Resources Officer since December 2020. Ms. Riley joined the Company from Ross Stores, Inc., where she was the Group Senior Vice President for Human Resources, Culture, Diversity and Inclusion from 2012 to 2020, and also previously served in leadership roles at Abercrombie & Fitch Co.;
- Michael C. Wu, 55, has been our Chief Legal Officer and Secretary since May 2021. Prior to joining, Mr. Wu was the Chief Legal Officer and Corporate Secretary at Madewell, Inc. from 2019 to 2020, and was the Senior Vice President, General Counsel and Secretary at Carter's, Inc. from 2014 to 2019. He also had prior leadership roles at Rosetta Stone, Inc. and Teleglobe International Holding Ltd.; and
- Chris T. Cramer, 50, has been our Chief Operating Officer since September 2020 and has held various senior leadership positions with the Company since 2001.

On February 23, 2022, we announced that Mr. Meslow will step down as CEO and as a member of our Board due to health reasons, effective May 12, 2022. Sarah E. Nash, Chair of the Board, was appointed Executive Chair on February 22, 2022, and will assume the role of Interim CEO upon Mr. Meslow's departure. Our Board is in the process of retaining a national search firm to assist in identifying a permanent CEO.

In February 2021, we announced Stuart B. Burgdoerfer's intention to retire from the Company effective in August 2021. At the request of the Board, Mr. Burgdoerfer continued to serve as Executive Vice President and Chief Financial Officer through the completion of the Separation and was the executive leading the Separation process. On August 2, 2021, the Board appointed Wendy C. Arlin as Executive Vice President and Chief Financial Officer, and Mr. Burgdoerfer retired from the Company on August 20, 2021.

Available Information

We are subject to the reporting requirements of the Exchange Act of 1934, as amended (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"). 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.bbwinc.com*.

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

Bath & Body Works, 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, inflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the COVID-19 pandemic has had and may continue to have an adverse effect on our business and results of operations;
- the seasonality of our business;
- the anticipated benefits from the Victoria's Secret & Co. spin-off may not be realized;
- the spin-off of Victoria's Secret & Co. may not be tax-free for U.S. federal income tax purposes;
- our dependence on Victoria's Secret & Co. for information technology services;
- difficulties arising from turnover in Company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- the dependence on store traffic and the availability of suitable store locations on appropriate terms;
- our continued growth in part through new store openings and existing store remodels and expansions;
- our ability to successfully operate and expand internationally and related risks;
- our independent franchise, license and wholesale partners;
- our direct channel business;
- our ability to protect our reputation and our brand image;
- our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
- our ability to attract customers with marketing, advertising and promotional programs;
- our ability to maintain, enforce and 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 manage the life cycle of our brand, 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, environmental hazards or natural disasters;
  - significant health hazards or pandemics, which could result in closed factories and/or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in impacted areas;
  - duties, taxes and other charges;
  - legal and regulatory matters;
  - volatility in currency exchange rates;
  - local business practices and political issues;
  - 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 vendor and distribution facilities in central Ohio;
- our reliance on a limited number of suppliers to support a substantial portion of our inventory purchasing needs;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- fluctuations in foreign currency exchange rates;
- fluctuations in product input costs;

- fluctuations in energy costs;
- our ability to adequately protect our assets from loss and theft;
- increases in the costs of mailing, paper, printing or other order fulfillment logistics;
- claims arising from our self-insurance;
- our and our third-party service providers', including Victoria's Secret & Co. during the term of the Transition Services Agreement, ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party and Company information;
- stock price volatility;
- our ability to pay dividends and make share repurchases under share repurchase authorizations;
- shareholder activism matters;
- our ability to maintain our credit ratings;
- our ability to service or refinance our debt and maintain compliance with our restrictive covenants;
- the impact of the transition from London Interbank Offered Rate ("LIBOR") and our ability to adequately manage such transition;
- our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory 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 Annual Report on 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.

Risks related to our business:

Our net sales, profit results and cash flows are sensitive to, have been affected by and may in the future be further impacted by, general economic conditions, inflation, consumer confidence, spending patterns, significant health hazards or pandemics, 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 consumers' ability or willingness to spend. These risks, which can vary substantially by country, include political, financial or social instability or conditions, geopolitical events, corruption, anti-American sentiment, social and ethnic unrest, military conflicts and terrorism, as well as changes in general economic conditions (including consumer spending, unemployment levels and wage and commodity inflation). In addition, market disruptions due to natural disasters, significant health hazards or pandemics, or other major events or the prospect of these events could also impact consumer spending and confidence levels. 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. Purchases of our products may 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.

The COVID-19 pandemic has had and may continue to have an adverse effect on our business and results of operations.

The COVID-19 pandemic continued to impact our business and results of operations in fiscal year 2021. While many of our stores were open for most of the year, reduced consumer confidence and changes in shopping patterns adversely impacted store traffic during certain portions of the year, as more consumers were either not shopping or choosing to shop online as a result of the COVID-19 pandemic. Additionally, resurgences of COVID-19 cases led to temporary store closures for portions of the year in certain markets and have impacted, and continue to impact, our supply chain partners, including third-party manufacturers, logistics providers and other vendors. Current vessel, container and other transportation shortages, labor shortages and port congestion globally have delayed and may continue to delay inventory orders and, in turn, deliveries to our customers and availability in our stores and e-commerce sites. Conversely, in the first quarter of 2021, our operating results benefited from customers receiving government stimulus payments related to the COVID-19 pandemic. These stimulus payments are not expected to be reinstated in the near term and, therefore, the benefit to operating results we realized in the first quarter of 2021 due to the stimulus payments is not expected to reoccur. During this period, we are focused on protecting the health and safety of our customers, associates, contractors, suppliers and other business partners. We are also working with our suppliers to minimize potential disruptions, while managing our business in response to a changing dynamic. Due to the uncertainty of COVID-19 and the speed at which the pandemic continues to impact our markets, we are continuing to assess the situation, including government-imposed restrictions, market by market.

We are unable to accurately predict the full impact that COVID-19, including the potential of new variants (which may be more contagious or severe, and may be less responsive to vaccines or treatments), will have on our operations going forward due to uncertainties which will be dictated by the length of time that such disruptions continue, which will, in turn, depend on the currently unknowable duration and spread of the COVID-19 pandemic, actions taken to limit the spread, and the public’s willingness to comply with such actions, the availability and efficacy of a vaccine and positive treatments for COVID-19, and the impact of governmental regulations that might be imposed in response to the pandemic. Numerous state, local and foreign jurisdictions have imposed, and others in the future may impose, shelter-in-place orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Such orders, restrictions and changes in consumer behavior have negatively impacted our operations, especially in our stores and supply chain. In addition to these more near-term impacts, we are unable to accurately predict the full impact COVID-19 will have on our longer-term operations as well, particularly with respect to our current mix of merchandise offerings, event-based categories and store traffic trends.

To the extent COVID-19 adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

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 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.

We may not realize the anticipated benefits from the Separation, which could harm our business.

On August 2, 2021, we completed the separation of the Bath & Body Works and Victoria’s Secret businesses. We may incur significant additional expenses and challenges in connection with the separation of the Victoria’s Secret business, which may include expenses and challenges related to our separation from the Victoria's Secret information technology environment. We are now a smaller and less diversified business than before the Separation, which could make us more vulnerable to changing market and economic conditions. Additionally, a potential loss of synergies from the Separation could negatively impact our results of operations, financial condition and cash flows. In addition, we may not be able to achieve the full strategic and financial benefits that are expected to result from the Separation and the anticipated benefits of the Separation are based on a number of assumptions, some of which may prove incorrect. If we fail to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, our business could be harmed.

The Separation could result in substantial tax liability to us and our stockholders.

We received an opinion of counsel to the effect that, for U.S. federal income tax purposes, the spin-off and certain related transactions qualify for tax-free treatment under certain sections of the Internal Revenue Code. However, the opinion relies on certain assumptions, representations and undertakings, including those relating to the past and future conduct of our business, and the opinion would not be valid if such assumptions, representations and undertakings were incorrect. Furthermore, the opinion is not binding on the Internal Revenue Service ("IRS") or the courts. If, notwithstanding receipt of the opinion, the spin-off or certain related transactions are determined to be taxable, we would be subject to a substantial tax liability. In addition, if the spin-off is taxable, each holder of our common stock who received shares of Victoria's Secret & Co. in connection with the spin-off would generally be treated as receiving a taxable dividend in an amount equal to the fair market value of the shares received.

Even if the spin-off otherwise qualifies as a tax-free transaction, the distribution would be taxable to us (but not to our stockholders) in certain circumstances if future significant acquisitions of our stock or the stock of Victoria's Secret & Co. are determined to be part of a plan or series of related transactions that included the spin-off. In this event, the resulting tax liability could be substantial. In connection with the spin-off, we entered into a Tax Matters Agreement with Victoria's Secret & Co., pursuant to which Victoria's Secret & Co. agreed to not enter into any transaction that could cause the spin-off or any related transactions to be taxable to us without our consent and to indemnify us for any tax liability resulting from any such transaction. In addition, these potential tax liabilities may discourage, delay or prevent a change of control of us.

Victoria’s Secret & Co. continues to provide information technology services to us on a transitional basis, and we may incur significant costs to perform these services ourselves following the transition period. Any inadequacy, interruption, integration failure or security failure of this technology could harm our ability to effectively operate our business.

Our ability to effectively manage and operate our business depends significantly on information technology systems. We rely heavily on applications related to point-of-sale, e-commerce, merchandising, planning, sourcing, logistics, inventory management, data security and support systems including human resources and finance currently supplied to us by Victoria’s Secret & Co. pursuant to the TSA that we entered into in connection with the Separation. Victoria’s Secret & Co. is not in the business of providing information technology outsourcing services and does not have experience providing such services for third-parties. Victoria's Secret & Co. may not successfully execute all of these services during the transition period or we may have to expend significant efforts and/or costs materially in excess of those estimated by us to transition such services to our information technology systems and we may experience delays in such transition period. Any interruption in, or deficiency of, these services could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Turnover in Company leadership or other key positions may have an adverse impact on Company performance.

We may experience changes in key leadership or key positions in the future. The departure of key leadership personnel can result in the loss of significant knowledge and experience. This loss of knowledge and experience can be mitigated through successful hiring and transition, but there can be no assurance that we will be successful in such efforts. Attracting and retaining qualified senior leadership may be more challenging under adverse business conditions. Failure to attract and retain the right talent, or to smoothly manage the transition of responsibilities resulting from such turnover, could affect our ability to meet our challenges and may cause us to miss performance objectives or financial targets or disrupt our relationships with our customers or other third-parties.

On February 22, 2022, our Board appointed then Board Chair Sarah E. Nash as Executive Chair. Effective May 12, 2022, Ms. Nash will be appointed Interim CEO, and Andrew M. Meslow will step down as CEO and as a member of the Board due to health reasons. Our Board is in the process of retaining a national search firm to assist in identifying a permanent CEO. Such leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business, including to our relationships with our associates and other third-parties.

We may be impacted by our ability to attract, develop and retain qualified associates 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 associates. Our success depends in part upon our ability to attract, develop and retain a sufficient number of qualified associates, 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 associate 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.

An increase in the costs of associate wages, benefits and insurance (including workers' compensation, general liability, property and health) could adversely affect our operating results. In particular, labor shortages and the current competitive labor market have increased competition for qualified associates, which has compelled, and may continue to compel, us to pay higher wages to attract or retain qualified associates. Such increases in costs may result from general economic or competitive conditions or from government imposition of higher minimum wages at the federal, state or local level, including in connection with the increases in state minimum wages that have recently been enacted by various states. Moreover, there may be a long-term trend toward higher wages in developing markets. Any increase in such operating expenses 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, consumer trends away from brick-and-mortar retail toward online shopping, competition from internet and other retailers and other retail areas where we do not have stores, significant health hazards or pandemics, the closing of other stores or the decline in popularity or safety in the shopping areas where our stores are located and the deterioration in the financial condition of the operators or developers of the shopping areas 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. Additionally, we are dependent upon the suitability of the lease spaces that we currently use. The leases that we enter into are generally noncancelable leases with initial terms of 10 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 continued growth and success depends in part on new store openings and existing store remodels and expansions.

Our continued growth and success depends 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 international operations and our plans for international expansion include risks that could impact our results and reputation.

We intend to continue to operate internationally and further expand into international markets through partner arrangements. The risks associated with international markets include difficulties in attracting customers due to a lack of customer familiarity with our brand, our lack of familiarity with local customer preferences and seasonal differences in the market. Any of these difficulties may lead to disruption in the overall timing of our international expansion efforts or increased costs. 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, volatility in the geopolitical landscape, restrictions on the repatriation of funds held internationally, disruptions or delays in shipments, occurrence of significant health hazards or pandemics, 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.

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 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. Further, we have no control as to whether our partners comply with federal and local law. Our brand image and reputation may suffer materially, and our sales could decline, if our partners do not operate successfully. These risks could have an adverse effect on our results of operations, financial condition and cash flows.

Our direct channel business includes risks that could have a material adverse effect on our results.

Our direct channel (also referred to as digital or e-commerce) is 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; and 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.

Our failure to maintain efficient and uninterrupted order-taking and fulfillment operations could also have a material adverse effect on our results. We utilize third-party service providers for order management and fulfillment services. If these third-party service providers do not maintain efficient and uninterrupted service, we may experience merchandise delivery delays, loss of sales, cancellation charges or excessive promotional activity to clear inventory. Further, we may have difficulty replacing these third-party service providers and there can be no assurance we can do so in a timely manner or on terms favorable to us. 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, 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 image.

Our ability to maintain our reputation is critical to our brand image. 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 or the perception that the Company has failed to comply with ethical, social, product, labor, privacy 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, third-party and 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.

Our ability, or perceived inability, to complete environmental, social and governance initiatives may have a material effect on our reputation.

There has been an increased focus, including from investors, the general public and U.S. and foreign governmental and nongovernmental organizations, on environmental, social and governance ("ESG") initiatives, including with respect to climate change, greenhouse gases, packaging and waste, human rights, sustainable supply chain practices, animal health and welfare, deforestation and land, energy and water use. As part of our ongoing efforts, we established an ESG function to provide direction and help coordinate ESG work throughout the Company. There may be increased public pressure to expand our disclosures in these areas, make commitments, set targets or establish additional goals and take actions to meet them, which could expose us to market, operational and execution costs or risks. The metrics we disclose, whether they are based on the standards we set for ourselves or those set by others, may influence our reputation and the value of our brand. Our failure to achieve progress on our metrics on a timely basis, or at all, could adversely affect our business, financial performance, and growth. By electing to set and share publicly these metrics and expand upon our disclosures, our business may also face increased scrutiny related to ESG activities. As a result, we could damage our reputation and the value of our brand if we fail to act responsibly in the areas in which we report. Any harm to our reputation resulting from setting these metrics, expanding our disclosure or our failure, or perceived failure, to meet such metrics or disclosures could adversely affect our business, financial performance, and growth.

We could also be affected by the physical effects of climate change, and other environmental issues, to the extent such issues adversely affect the general economy, adversely impact our supply chain or our stores, or increase the costs of our products and other supplies needed for our operations. In addition, future U.S. and international legislative and regulatory efforts to combat climate change or other environmental considerations could result in increased regulation, and additional taxes and other expenses, in a manner that adversely affects our business.

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

Customer traffic and demand for our merchandise are influenced by our advertising, marketing and promotional activities, the name recognition and reputation of our brand and the location of and service offered in our stores and through our direct business. Although we use marketing, advertising and promotional programs to attract customers through various media, including social media, websites, mobile applications, email, 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 results of operations, financial condition and cash flows.

Our ability to adequately maintain, enforce and 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 applied for registrations or that the registrations we obtain will prevent the imitation of our products or infringement or other violation 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 U.S. 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.

Third parties may assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks, or claim that we are infringing, misappropriating or otherwise violating their intellectual property rights. We may be unable to successfully resolve these types of conflicts to our satisfaction and may be required to enter into costly license agreements, be required to pay significant royalties, settlements costs or damages, be required to rebrand our products and/or be prevented from selling some of our products.

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

The retail industry 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 and trends across our product categories may favor our competitors. We rely to a greater degree than some of our competitors on physical locations in retail centers. Therefore, declines in traffic to such locations may affect us more significantly than our competitors. Some of our competitors sell their products in stores that are located in the same retail centers as our stores. In addition to competing for sales, we compete for favorable site locations and lease terms in retail centers.

Increased competition, combined with declines in store and/or online website traffic, could result in price reductions, increased marketing expenditures and loss of pricing power and market share, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our ability to manage the life cycle of our brand and to remain current with trends and launch new product lines successfully could impact the image and relevance of our brand.

Our success depends in part on management's ability to effectively manage the life cycle of our brand and to anticipate and respond to changing preferences and consumer demands and to translate market trends into appropriate, salable product offerings in advance of the actual time of sale to the customer. We are dependent on certain product categories, and a decline in consumer demand in these product categories could negatively effect on our results of operations, financial condition and cash flows. Customer demands and trends change rapidly. If we are unable to successfully anticipate, identify or react to changing preferences 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 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 domestic and international markets. 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, environmental hazards or natural disasters which could negatively affect international economies, financial markets and business activity;
- significant health hazards or pandemics, which could result in closed factories and/or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
- imposition of new or retaliatory trade duties, sanctions or taxes and other charges on imports or exports;
- evolving, new 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;
- 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, to our stores and to our customers. Our utilization of these delivery services for shipments is subject to risks, including increases in labor costs and fuel prices, which would increase our shipping costs, and associate strikes and inclement weather, which may impact our transportation providers' ability to provide delivery services that adequately meet our shipping needs. Further, the rapid increase in demand for online shopping has led to increased pressure on the capacity of our fulfillment network.

The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility of financial markets. The COVID-19 pandemic continues to impact our supply chain partners, including third-party manufacturers, logistics providers and other vendors. Current vessel, container and other transportation shortages, labor shortages and port congestion globally have delayed and may continue to delay inventory orders and, in turn, deliveries to our customers and availability in our stores and e-commerce sites. Disruptions or delays in shipments may have negative impacts to pricing of certain components of our products. The pandemic continues to have the potential to significantly impact our supply chain if the factories that manufacture our products, the distribution centers where we manage our inventory, or the operations of our logistics and other service providers are disrupted, are temporarily closed or experience worker shortages. In addition, the impact of COVID-19 on macroeconomic conditions may impact the proper functioning of financial and capital markets, foreign currency exchange rates, commodity prices, and interest rates. Even after the COVID-19 global pandemic has subsided, we may continue to experience adverse impacts to our business as a result of any economic recession that has occurred or may occur in the future.

We rely on a number of vendor 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 home fragrance, body care products and soaps and sanitizer products, we rely heavily on vendor and distribution facilities in close proximity to our headquarters in Central Ohio. As a result of geographic concentration of the vendor 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.

A change in the relationship with our key vendors could have a material effect on our business.

We rely on a limited number of vendors to support our inventory purchasing needs. In fiscal year 2021, our largest vendor supplied approximately 12% of our total merchandise purchases and our largest five vendors supplied approximately 35% of our total merchandise purchases on a combined basis. Our business depends on developing and maintaining close relationships with our vendors and on our vendors' ability or willingness to sell quality products to us at favorable prices and terms. Many factors outside of our control may harm these relationships and the ability or willingness of these vendors to sell us products on favorable terms. For example, financial or operational difficulties that our vendors may face could increase the cost of the products we purchase from them or our ability to source products from them.

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

We purchase products from third-party vendors. Factors outside our control, such as production, shipping delays, quality problems or natural disasters, could disrupt merchandise deliveries and result in lost sales, cancellation charges or excessive markdowns.

In addition, quality problems could result in product liability judgments or widespread product recalls that may negatively impact our sales and profitability for a period of time depending on product availability, competition reaction and consumer attitudes. Even if product liability claims are unsuccessful or are 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 vendors fail to comply with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices and our associates and third-party compliance auditors visit and monitor the operations of our third-party vendors, we do not control these vendors or their practices. The violation of labor, environmental or other laws by third-party vendors used by us, or the divergence of a third-party vendor's or partner's labor or environmental practices from those generally accepted as ethical or appropriate, could interrupt or otherwise disrupt the shipment of 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.

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

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 may use foreign currency forward contracts to hedge certain foreign currency risks, these measures may not succeed in offsetting all of the short-term negative impacts of foreign currency rate movements on our business and results of operations, financial condition and cash flows. 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 results may be affected by fluctuations in product input costs.

Product input costs, including freight, labor and raw materials, fluctuate subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather and climate conditions, energy costs or natural events or disasters, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, product recalls, governmental regulation and other factors, all of which are beyond our control and in many instances are unpredictable. These factors 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 in the past and may fluctuate in the future due to changes in factors beyond our control, such as weather and climate conditions or natural events or disasters, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, political conflicts and wars, governmental regulation and other factors. 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.

Our results may be impacted by our ability to adequately protect our assets from loss and theft.

Our assets are subject to loss, including those caused by illegal or unethical conduct by associates, customers, vendors or unaffiliated third parties. We have experienced events such as inventory shrinkage in the past, and we cannot assure that incidences of loss and theft will decrease in the future or that the measures we are taking will effectively reduce these losses. Higher rates of loss or increased security costs to combat theft could have a material adverse effect on our results of operations, financial condition and cash flows.

We may be impacted by increases in the cost of mailing, paper, printing or other order fulfillment logistics.

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. We may face unexpected costs in transportation, warehousing or other logistics-related services. 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 and our third-party service providers', including Victoria's Secret & Co., ability to implement and sustain information technology systems and to protect associated data and system availability.

Our success depends, in part, on the secure and uninterrupted performance of our and our third-party services providers' and vendors' information technology systems. Our information technology systems, as well as those of our service providers and vendors, are vulnerable to damage, interruption or breach from a variety of sources, including cyberattacks, ransomware attacks, telecommunication failures, malicious human acts and natural disasters. Moreover, despite maintaining comprehensive measures, some of our systems, e-commerce environments, servers and those of our service providers and vendors are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Such incidents could disrupt our operations including our ability to timely ship and track product orders and project inventory requirements, and lead to interruptions or delays in our supply chain. Additionally, these types of problems could result in an actual or perceived breach of confidential customer, merchandise, financial, associate or other important information (including personal information), which could result in damage to our reputation, costly litigation, customer complaints, negative publicity, breach notification obligations, regulatory or administrative sanctions, inquiries, orders or investigations, indemnity obligations, damages for contract breach or penalties for violations of applicable laws or regulations. 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 or events may nevertheless cause failures in, or unauthorized access to, our and our third-party services providers' and vendors' information technology systems. Sustained or repeated system disruptions that interrupt our ability to process orders and deliver products to the stores, impact our customers' ability to access our websites and mobile applications in a timely manner, or expose confidential customer information, merchandise, financial or other important information (including personal information) could have a material adverse effect on our results of operations, financial condition and cash flows.

As a result of the Separation, we have entered into a multi-year TSA with Victoria's Secret & Co. for information technology services and systems to support the day-to-day needs for most areas of technology. Over time, we will transition the information technology capabilities from Victoria's Secret & Co. to implement point-of-sale, mobile applications, merchandising, planning, sourcing, logistics, inventory management, human resources and financial systems on to our own platforms, some of which are yet to be established.

As systems are provided, supported and managed by Victoria's Secret & Co., and eventually transitioned to us, we will be required to establish a number of new information technology systems as well as make hardware, software and code modifications and upgrades to certain existing information technology systems for point-of-sale, e-commerce, mobile apps, merchandising, planning, sourcing, logistics, inventory management, data security, and support systems including human resources and finance. Modifications involve replacing existing systems with successor systems, making changes to existing systems or acquiring new systems with new functionality. We are aware of inherent risks associated with replacing and modifying our information technology systems, including risks relative to data integrity and system disruptions. Information technology system disruptions or data corruption, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations, financial condition and cash flows.

In addition to our own systems, networks and databases, we use third-party service providers to store, transmit and otherwise process certain of this information on our behalf, and our third-party service providers are subject to similar cybersecurity risks.

Due to applicable laws and regulations or contractual obligations, we may be held responsible for any cybersecurity incidents attributed to our service providers as they relate to the information we share with them or to which they are granted access. Although we contractually require these service providers to implement and maintain a standard of security (such as implementing reasonable measures), we cannot control third parties and cannot guarantee that a security breach will not occur in their systems.

Any significant compromise or breach of our data security, including the security of customer, associate, third-party or Company information, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

In the operation of our business, we collect, use, transmit and otherwise process a large volume of personal and other confidential, proprietary and sensitive information. Information systems are susceptible to an increasing threat of continually evolving cybersecurity risks. Breaches or failures of security involving our information systems, including those provided, managed and supported by Victoria's Secret & Co., or those of any of our external service providers have occurred, and in the future may occur. Any significant compromise or breach of our data security, media reports about such an incident, whether accurate or not, or our failure to make adequate or timely disclosures to the public or law enforcement agencies following any such event, whether due to delayed discovery or a failure to follow existing protocols, could significantly damage our reputation with our customers, associates, investors and other third parties, cause the disclosure of personal, confidential, proprietary or sensitive customer, associate, third-party or company information, cause interruptions to our operations and distraction to our management, cause our customers to stop shopping with us and result in significant legal, regulatory and financial liabilities and lost revenues. Compounding these risks is the complexity of our information systems, which are a collection of our and our third-party service providers' systems.

While we train our associates and have implemented systems, processes and security measures to protect our physical facilities and information technology systems against unauthorized access and prevent data loss, there is no guarantee that these procedures are adequate to safeguard against all data security threats. Despite these measures, we have been and may in the future be vulnerable to targeted or random attacks on our systems that could lead to security breaches, phishing attacks, denial of service attacks, acts of vandalism, computer viruses, malware, ransomware, misplaced or lost data, programming and/or human errors or similar events. Our systems and facilities are also subject to compromise from internal threats, such as theft, misuse, unauthorized access or other improper actions by associates, third-party service providers and other third parties with otherwise legitimate access to our systems, websites, mobile applications or facilities (which risks may be heightened as a result of work-from-home policies and technologies implemented in the wake of the COVID-19 pandemic). Furthermore, because the methods of cyber-attack and deception change frequently, are increasingly complex and sophisticated, and can originate from a wide variety of sources, including nation-state actors, despite our reasonable efforts to ensure the integrity of our systems, websites and mobile applications, it is possible that we may not be able to anticipate, detect, appropriately react and respond to, or implement effective preventative measures against, all cybersecurity incidents.

We have and may in the future be required to expend significant capital and other resources to protect against, respond to, and recover from any potential, attempted, or existing cybersecurity incidents. As cybersecurity incidents continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful, or may not be completed in a timely manner. The inability to implement, maintain and upgrade adequate safeguards could have a material adverse effect on our results of operations, financial condition and cash flows. Moreover, there could be public announcements regarding any cybersecurity incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could, among other things, have a substantial adverse effect on the price of our common stock.

While we currently maintain cybersecurity insurance, such insurance may not be sufficient in type or amount to cover us against claims related to breaches, failures or other data security-related incidents, and we cannot be certain that cyber insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows.

Risks related to our common stock:

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 are reasonably attainable at the time guidance is given. 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.

The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. In particular, our common stock may in the future be traded by short sellers which may put pressure on the supply and demand for our common stock, further influencing volatility in its market price. Public perception and other factors outside of our control may additionally impact the stock price of companies like us that garner a disproportionate degree of public attention, regardless of actual operating performance.

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

Our quarterly cash dividends and share repurchase programs have historically been part of our capital allocation strategy. Although our Board increased the annual dividend to $0.80 per share, beginning with the quarterly dividend paid in March 2022, and authorized a new $1.5 billion share repurchase program in February 2022, we are not required to declare dividends or make any share repurchases under our share repurchase programs in the future. In 2020, we didn't repurchase any of our shares and we suspended our quarterly cash dividends due to the effects of the COVID-19 pandemic. Our Board will determine our future levels of dividend payments and share repurchase authorizations, if any, giving consideration to our levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements, as well as financial and other conditions which may be beyond our control. Any reduction, or failure, to pay dividends or repurchase our shares after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and our stock price.

Shareholder activism could cause us to incur significant expense, hinder execution of our business strategy and impact our stock price.

Shareholder activism, which can take many forms and arise in a variety of situations, could result in substantial costs and divert management's and our Board's attention and resources from our business. Additionally, such shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with our associates, customers or service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant fees and other expenses related to activist shareholder matters, including for third-party advisors. Our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any shareholder activism.

Risks related to our indebtedness:

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

The credit rating 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 ratings. 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 ratings could affect our future interest costs.

We may be unable to service or refinance our debt or maintain compliance with restrictive covenants in our debt instruments, including our asset-backed revolving credit facility.

We currently have substantial indebtedness. Our asset-backed revolving credit facility contains a covenant and negative covenants that under certain circumstances require maintenance of a certain financial ratio and also, under certain conditions, restrict our ability to pay dividends, repurchase common shares and make other restricted payments as defined in the agreement. 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. If we fail to comply with any covenant, including our financial covenant, it could result in an event of default and our lenders could terminate the commitments under our asset-backed revolving credit facility and make the entire debt incurred thereunder immediately due and payable or we may be forced to sell assets, restructure our indebtedness or seek additional equity capital, which would dilute our stockholders' interests.

The interest rates on our credit facilities may be impacted by the phase-out of LIBOR and the transition to the Secured Overnight Financing Rate ("SOFR").

Interest rates on U.S. borrowings under our asset-backed revolving credit facility ("ABL Facility") are based on LIBOR. On July 27, 2017, the U.K.'s Financial Conduct Authority (the authority that administers LIBOR) announced that it intends to phase out LIBOR by the end of 2023. It remains unclear what rate or rates may develop as accepted alternatives to LIBOR, or what the effect of such changes will be on the markets for LIBOR-based financial instruments. As of the date hereof, the current recommended replacement for USD-LIBOR is SOFR. While we currently do not have any borrowings outstanding under our ABL Facility, any transition away from LIBOR as a benchmark for establishing the applicable interest rate is complex and will affect the cost of servicing any future debt under our ABL Facility. Although the ABL Facility provides for alternative base rates, the composition and characteristics of such alternative base rates are not the same as those of LIBOR, and the consequences of the phase-out of LIBOR cannot be entirely predicted at this time.

<u>Risks related to law and regulation:</u>

Changes in laws, regulations or technology platform rules relating to data privacy and security, or any actual or perceived failure by us to comply with such laws and regulations, or contractual or other obligations relating to data privacy and security, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

We are, and may increasingly become, subject to various laws, directives, industry standards and regulations, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The legal and regulatory environment related to data privacy and security is increasingly rigorous, with new and constantly changing requirements applicable to our business, and enforcement practices are likely to remain uncertain for the foreseeable future. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our results of operations, financial condition and cash flows.

In the U.S., privacy and data protection are regulated at federal, state, and local levels. Various federal and state regulators, including governmental agencies like the Consumer Financial Protection Bureau and the Federal Trade Commission, have adopted, or are considering adopting, laws and regulations concerning personal information and data security and have prioritized privacy and information security violations for enforcement actions. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts.

Laws range from the "sectoral" variety (i.e. laws that govern specific practices, services, or technologies) to omnibus laws (i.e. laws that comprehensively seek to govern all aspects of data processing practices). As an online and brick-and-mortar retailer, we are subject to both.

In North America, we are subject to sectoral laws that impose different enforcement regimes, whether via government agencies or class-action litigants, with fines and statutory damages that can result in significant exposure when applied to large customer segments. Illustrative of the sectoral variety are laws that govern telephonic communications (e.g., the Federal Telephone Consumer Protection Act), email communications (e.g., the Federal Controlling the Assault of Non-Solicited Pornography and Marketing Act, and Canada's Anti-Spam Legislation), the use of biometric technology (e.g., the Illinois Biometric Information Privacy Act), the printing of payment card digits on a store receipt (e.g., the Federal Fair and Accurate Credit Transactions Act), the use of call recordings (e.g., Federal and state laws governing consent for recordings), the collection of consumer information at retail point of sale (e.g., the California Song-Beverly Act), and the collection of driver's license information (e.g., state laws governing the scanning of government ID's).

We are further subject to omnibus privacy and data protection laws. For example, the California Consumer Privacy Act ("CCPA"), which broadly governs data privacy practices, increases privacy rights for California residents and imposes obligations on companies that process their personal information, went into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers new data protection and privacy rights, including the ability to opt-out of certain data sharing arrangements of personal information, and the ability to access and delete personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of certain classifications of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Furthermore, in November 2020, California voters passed the California Privacy Rights Act of 2020 ("CPRA"). Effective beginning January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding California residents' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and CPRA. Other states and countries have passed comprehensive data privacy laws that are similar to the CCPA and CPRA, further complicating the legal landscape, and similar legislation is pending in more states. In addition, laws in all 50 U.S. states require businesses to provide notice to consumers (and, in some cases, to regulators) when certain classifications of personal information have been accessed or acquired as a result of a data breach. State laws are changing rapidly and there is discussion in Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted, which may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs or changes in business practices and policies.

While most of our international operations are conducted through franchise, license and wholesale arrangements, we are also subject to certain international laws, regulations and standards in certain international jurisdictions and may be subject to additional international laws, regulations and standards, whether existing or enacted in the future, that apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. One set of laws applicable to us is Canada's Personal Information Protection and Electronic Documents Act ("PIPEDA"), which became effective on January 1, 2001, as well as substantially similar provincial privacy laws. These privacy statutes broadly govern the entire lifecycle of personal information, enumerating principles that govern accountability; purpose; consent; limitations on collection, use, disclosure, and retention; accuracy; safeguards, transparency; right to access; and complaint-handling. Certain of the statutes also contain a mandatory breach notification regime. Federal and provincial authorities enforce these laws. Privacy regulators have an express obligation to investigate complaints, and have the authority to initiate investigations. Under PIPEDA, the Office of the Privacy Commissioner of Canada has the power to require an organization to enter into a compliance agreement and failure to comply may result in a court order or court proceedings. A complainant may also appeal to Federal Court and the court has broad authority including awarding damages. Similarly, the E.U. General Data Protection Regulation ("GDPR"), which became effective in May 2018, greatly increased the European Commission's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data, and the GDPR serves and has served as a model for other jurisdictions' data protection laws. EU member states are tasked under the GDPR to enact, and have enacted, certain implementing legislation that adds to and/or further interprets the GDPR requirements and, depending on the extent and degree to which we conduct business in the European Economic Area ("EEA") and United Kingdom, potentially extends our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data, and other international jurisdictions are expected to pass similar laws that may include even more stringent requirements. Changes in such international laws, or changes in our business strategy such as direct expansions into additional jurisdictions may cause us to incur additional compliance costs, increase our risks of being subject to lawsuits, complaints and/or regulatory investigations or fines, or restrict our ability to transfer personal data between and among countries and regions in which we operate or may in the future operate. Such international laws, and our compliance with such laws, could impact the manner in which we do business and the geographical location or segregation of our relevant operations, and could adversely affect our results of operations, financial condition and cash flows.

All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, and training associates and engaging consultants, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our results of operations, financial condition and cash flows. Any failure or perceived failure by us to comply with any applicable federal, state or similar foreign laws and regulations relating to data privacy and security could result in damage to our reputation and our relationship with our customers, as well as proceedings or litigation by governmental agencies or customers, including class-action privacy and data-protection litigation in certain jurisdictions, which could subject us to significant fines, sanctions, awards, penalties or judgments, any of which 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 ("NYSE"), among others. Although we have put in place policies and procedures aimed at ensuring legal and regulatory compliance, our associates, subcontractors, vendors, licensees, franchisees and other third parties 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. In addition, notwithstanding our adoption of CDC-recommended guidelines and preventative efforts to ensure the health and safety of our customers and associates, it is possible that our customers and associates may contract COVID-19 while at our stores or facilities, which could subject us to litigation. 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 stockholders, that could have a material adverse effect on our reputation, the market price of our common stock, results of operations, financial condition and cash flows.

We may be impacted by changes in taxation, trade and other regulatory 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 IRS 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.

There is increased uncertainty with respect to tax policy and trade relations between the U.S. and other countries, including as a result of any executive action taken or legislative priorities set by the current U.S. presidential administration. Major developments in tax policy or trade relations, such as the imposition of unilateral tariffs on imported products, 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 Company-operated distribution, corporate and product development facilities as of January 29, 2022:

Location	Use	Approximate Square Footage
Columbus, Ohio area	Office, distribution center and shipping facilities	3,928,000
Other North America	Office and product development/design	69,000

We own five office, distribution center and shipping facilities located in the Columbus, Ohio area. These buildings comprise approximately 3.9 million square feet. We are also investing in a new 1.0 million square foot Company-operated leased direct channel fulfillment center in Columbus, Ohio which we expect to be operational in Fall 2022, and at full capacity in Fall 2023.

We lease various other office and product development/design locations in North America, primarily in New York.

Third-party Operated Fulfillment and Distribution Centers

We utilize six permanent third-party operated direct channel fulfillment centers in North America, comprising approximately 3.2 million square feet, that allow us to reduce in transit times for our direct channel orders. We also utilize six third-party operated regional distribution centers in North America, comprising approximately 1.0 million square feet, that enable us to position inventory geographically closer to our stores.

Company-operated Stores

As of January 29, 2022, we operate 1,651 retail stores located in leased facilities throughout the U.S. A substantial portion of these lease commitments consists of store leases generally with an initial term of 10 years. These store leases expire at various dates between 2022 and 2034.

As of January 29, 2022, we also operate 104 retail stores located in leased facilities throughout the Canadian provinces. These lease commitments consist of store leases generally with initial terms of 5 to 10 years. These store leases expire at various dates between 2022 and 2031.

International Partner-operated Stores

As of January 29, 2022, our partners operate 338 retail stores in more than 35 countries.

ITEM 3. LEGAL PROCEEDINGS.

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

On May 19, 2020 and January 12, 2021, certain of our stockholders filed derivative lawsuits in the Court of Common Pleas for Franklin County, Ohio (subsequently removed to the United States District Court for the Southern District of Ohio) and the Delaware Court of Chancery, respectively, naming as defendants certain current and former directors and officers of ours and alleging, among other things, breaches of fiduciary duty through asserted violations of law and failures to monitor workplace conduct (the "Lawsuits"). In addition, we also received litigation and books-and-records demands from certain other stockholders related to the same matters (together with the Lawsuits, the "Actions").

In July 2021, we announced the global settlement resolving the Actions. The settlement resolves all derivative claims that have been or could have been asserted in the Actions or that involve in any way the allegations referred to in the Actions and releases all such claims against us and our past and present employees, officers and directors, among others. As part of the settlement, we have agreed to implement certain management and governance measures, including the maintenance of a Diversity, Equity, and Inclusion Council. Following the August 2, 2021 spin-off of Victoria’s Secret & Co., the settlement terms will apply to both us and Victoria’s Secret & Co. Each company has committed to invest $45 million over at least five years to fund the management and governance measures. The settlement is subject to approval of the United States District Court of the Southern District of Ohio.

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 is traded on the New York Stock Exchange. As of January 29, 2022, there were approximately 31,000 stockholders 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 177,000.

The following table provides our quarterly market prices and cash dividends per share for 2021 and 2020:

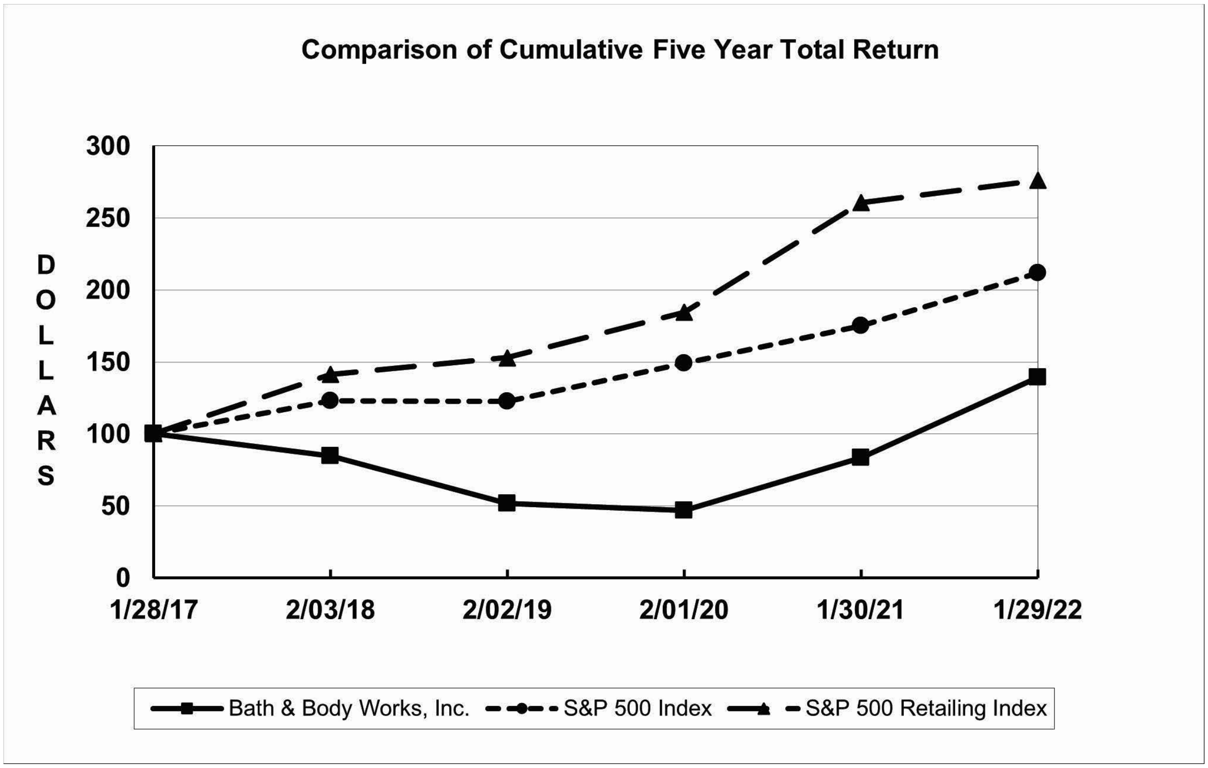
	Market Price (a)		Cash Dividend per Share (b)
	High	Low	
2021			
Fourth quarter	$ 82.00	$ 50.94	$ 0.15
Third quarter	72.56	58.28	0.15
Second quarter	65.47	49.73	0.15
First quarter	55.21	32.47	—
2020			
Fourth quarter	$ 39.05	$ 26.02	$ —
Third quarter	28.63	19.23	—
Second quarter	21.55	8.11	—
First quarter	20.42	6.47	0.30

(a) Market prices prior to August 3, 2021 have been adjusted to give effect to the Victoria's Secret & Co. spin-off.

(b) Our Board suspended our quarterly cash dividend beginning in the second quarter of 2020. In March 2021, our Board reinstated our annual dividend at $0.60 per share, beginning with the quarterly dividend paid in June 2021. In February 2022, our Board increased the annual dividend to $0.80 per share and declared the quarterly dividend of $0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

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 ("S&P") 500 Composite Stock Price Index and the Standard & Poor's 500 Retail Composite Index.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN (a)(b)
AMONG BATH & BODY WORKS, INC., THE S&P 500 INDEX AND THE S&P 500 RETAIL COMPOSITE INDEX



(a) This table represents $100 invested in stock or in index at the closing price on January 28, 2017, including reinvestment of dividends.
(b) Stock prices prior to August 3, 2021 have been adjusted to give effect to the Victoria's Secret & Co. spin-off.

The following table provides our repurchases of our common stock during the fourth quarter of 2021:

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 2021	1,907	$ 75.11	1,905	$ 262,004
December 2021	2,628	71.99	2,621	73,273
January 2022	1,199	61.18	1,198	—
Total	5,734		5,724	

(a) The total number of shares repurchased includes shares repurchased in connection with tax payments due upon vesting of associate restricted stock awards and the use of our stock to pay the exercise price on associate stock options.
(b) The average price paid per share includes any broker commissions.
(c) For additional share repurchase program information, see Note 18 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

ITEM 6. [Reserved]

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 is 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 store traffic data. These indicators 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 sales, gross profit, operating income and other performance metrics such as sales per average selling square foot in assessing our performance.

Victoria's Secret Spin-Off

On August 2, 2021, we completed the tax-free spin-off of our Victoria's Secret business, which included the Victoria's Secret and PINK brands, into an independent publicly traded company. As a result, the operating results of, and costs to separate, the Victoria's Secret business are reported in Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) for all periods presented. In addition, the related assets and liabilities are reported as Assets and Liabilities of Discontinued Operations on the Consolidated Balance Sheets. Unless otherwise noted, all amounts, percentages and discussions reflect only the results of operations and financial condition from our continuing operations.

Victoria's Secret & Co. is providing technology services and systems to us under a TSA while we create independent system environments, which we believe will help to minimize dis-synergies. Over the next two to three years we expect future capital and expense related to standing up a separate information technology function for our Company.

Impacts of COVID-19

The COVID-19 pandemic has created significant public health concerns as well as economic disruption, uncertainty and volatility. Our operations and financial performance have been materially impacted by the COVID-19 pandemic. In the first quarter of 2020, all of our Company-operated stores were closed on March 17, 2020, but we were able to re-open the majority of our stores as of the end of the second quarter of 2020. Our direct business remained open for the duration of 2020. During 2020, we took prudent actions to manage expenses and to maintain our cash position and financial flexibility.

We adopted new operating models focused on safety in connection with the pandemic. We continue to remain focused on providing a safe store environment for our customers and associates, while also delivering an engaging shopping experience. We also remain focused on the safe operations of our corporate facilities and our distribution and fulfillment centers while maximizing our direct business. There remains the potential for COVID-related closures or operating restrictions, which could materially impact our operations and financial performance in future periods.

Executive and 2021 Overview

The transformation of our business that started in 2020 continued into 2021 with the successful separation of L Brands, Inc. into Bath & Body Works, Inc. and Victoria's Secret & Co. as separate, standalone companies in August 2021. The Separation enables us to pursue growth strategies best suited to our customer base and strategic objectives, with a goal to return the highest value to our stockholders. We have a demonstrated record of consistent sales and operating income growth, as well as a proven ability to respond quickly to evolving customer tastes with a high-speed sourcing and logistics model. With high brand awareness and an increasingly loyal and growing customer base, we believe we are well positioned for continued growth in North America, as well as globally.

For 2021, sales were $7.882 billion, an increase of 22% compared to sales of $6.434 billion in 2020. Our gross profit increased $759 million to $3.855 billion driven by the increase in sales. Our gross profit rate increased to 48.9% from 48.1%, principally driven by sales leverage on our buying and occupancy expenses, partially offset by a decline in the merchandise margin rate. Increased inflationary costs amounted to approximately $175 million, most of which impacted gross margin. General, Administrative and Store Operating Expenses were $1.846 billion for 2021, an increase of 24% compared to 2020, and the rate increased by 20 basis points. The dollar increase was driven by higher store selling expenses given pandemic-related store closures in 2020 and an increase in marketing expense as we returned to more normalized activity. Operating income for 2021 was $2.009 billion, an increase of 25% compared to 2020, and the operating income rate increased by 60 basis points to 25.5%.

For additional information related to our 2021 financial performance, see "Results of Operations – 2021 Compared to 2020."

2022 Outlook

We believe that the Bath & Body Works brand is strong, with continued opportunities for growth. In 2022, we are investing in the business to support long-term growth, and there are macroeconomic factors, such as inflation, that will impact our results. The following macroeconomic pressures and investments could impact our results of operations and cash flows in 2022:

- We are lapping two years of extraordinary growth in the business. Since 2019, sales have increased by 46%, and operating income has increased by 93%. The first quarter of 2021 benefited from customers receiving government stimulus payments;
- We are experiencing increased inflationary pressures in raw materials, energy and fuel costs as well as transportation and wage rates. We estimate that these increased and incremental costs could range between $150 million and $175 million throughout 2022. While we have strategically raised prices and are carefully managing promotional activity to partially offset these costs, we plan to be thoughtful about customer response to additional price increases;
- We continue to invest in the customer experience and plan to introduce our loyalty program to the balance of our U.S. chain starting in summer 2022. We expect that the loyalty program will drive sales and customer retention, deepening our relationships with customers over the long-term. The introduction of the program will result in an initial revenue deferral for our customers' accumulated points until they are used; and
- We are experiencing some deleverage and incremental project costs as we build and separate our own technology function to support our standalone business. We are also investing in a new Company-operated fulfillment center to complement our existing third-party network.

Adjusted Financial Information from Continuing Operations

In addition to our results provided in accordance with GAAP above and throughout this Annual Report on Form 10-K, provided below are non-GAAP measurements which present operating income, net income from continuing operations and earnings from continuing operations per share in 2021, 2020 and 2019 on an adjusted basis, which remove 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 definitions 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.

(in millions, except per share amounts)	**2021**	**2020**	**2019**
Reconciliation of Reported Operating Income to Adjusted Operating Income			
Reported Operating Income	$ 2,009	$ 1,604	$ 1,040
Write-off of Inventory due to Tornado (a)	9	—	—
Restructuring Charges (b)	—	30	—
Adjusted Operating Income	$ 2,019	$ 1,634	$ 1,040
Reconciliation of Reported Net Income from Continuing Operations to Adjusted Net Income from Continuing Operations			
Reported Net Income from Continuing Operations	$ 1,075	$ 865	$ 460
Write-off of Inventory due to Tornado (a)	9	—	—
Restructuring Charges (b)	—	30	—
Loss on Extinguishment of Debt (c)	195	53	40
La Senza Charges (d)	—	—	37
Tax Benefit from the Resolution of Certain Tax Matters (e)	—	(50)	—
Tax Benefit of Special Items in Operating Income and Other Loss	(49)	(18)	(19)
Adjusted Net Income from Continuing Operations	$ 1,230	$ 878	$ 517
Reconciliation of Reported Earnings from Continuing Operations Per Diluted Share to Adjusted Earnings from Continuing Operations Per Diluted Share			
Reported Earnings from Continuing Operations Per Diluted Share	$ 3.94	$ 3.07	$ 1.65
Write-off of Inventory due to Tornado (a)	0.03	—	—
Restructuring Charges (b)	—	0.08	—
Loss on Extinguishment of Debt (c)	0.54	0.14	0.11
La Senza Charges (d)	—	—	0.10
Tax Benefit from the Resolution of Certain Tax Matters (e)	—	(0.18)	—
Adjusted Earnings from Continuing Operations Per Diluted Share	$ 4.51	$ 3.12	$ 1.86

(a) In the fourth quarter of 2021, we recognized a pre-tax loss of $9 million ($7 million after tax) related to the write-off of inventory that was destroyed by a tornado at a vendor's facility.

(b) In the second quarter of 2020, we recognized pre-tax severance charges of $30 million ($24 million after tax) related to restructuring activities. For additional information, see Note 5, "Restructuring Activities" included in Item 8. Financial Statements and Supplementary Data.

(c) In the third and first quarters of 2021, we recognized pre-tax losses of $89 million and $105 million (after-tax losses of $68 million and $80 million), respectively, due to the early extinguishment of outstanding notes. In the third quarter of 2020, we recognized a pre-tax loss of $53 million (after-tax loss of $40 million) due to the early extinguishment of outstanding notes. In the second quarter of 2019, we recognized a pre-tax loss of $40 million (after-tax loss of $30 million) due to the early extinguishment of outstanding notes. For additional information, see Note 13, "Long-term Debt and Borrowing Facilities" included in Item 8. Financial Statements and Supplementary Data.

(d) In the third quarter of 2019, we recognized $37 million of pre-tax charges ($28 million after-tax) to increase reserves related to ongoing contingent obligations for the La Senza business, which was sold in the fourth quarter of 2018. For additional information see Note 16, "Commitments and Contingencies" included in Item 8. Financial Statements and Supplementary Data.

(e) In the first quarter of 2020, we recognized a $50 million tax benefit related to the resolution of certain tax matters. For additional information see Note 12, "Income Taxes" included in Item 8. Financial Statements and Supplementary Data.

Company-Operated Store Data

The following table compares U.S. Company-operated store data for 2021, 2020 and 2019:

				% Change	
	2021	2020	2019	2021	2020
Sales per Average Selling Square Foot (a)	$ 1,220	$ 916	$ 931	33%	(2%)
Sales per Average Store (in thousands) (a)	$ 3,279	$ 2,424	$ 2,428	35%	— %
Average Store Size (selling square feet)	2,716	2,660	2,631	2%	1 %
Total Selling Square Feet (in thousands)	4,485	4,343	4,306	3%	1 %

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(a) Sales per average selling square foot and sales per average store, which are indicators of store productivity, are calculated based on store sales for the period divided by the average, including the beginning and end of period, of total square footage and store count, respectively. As a result of the COVID-19 pandemic, all our stores in the U.S. were closed on March 17, 2020 with the majority having been re-opened as of the beginning of the third quarter of 2020. As a result, full year comparisons to 2020 are not a meaningful way to evaluate our operating results.

The following table represents Company-operated store data for 2021:

	Stores January 30, 2021	Opened	Closed	Stores January 29, 2022
United States	1,633	53	(35)	1,651
Canada	103	1	—	104
Total Bath & Body Works	**1,736**	**54**	**(35)**	**1,755**

The following table represents Company-operated store data for 2020:

	Stores February 1, 2020	Opened	Closed	Stores January 30, 2021
United States	1,637	26	(30)	1,633
Canada	102	1	—	103
Total Bath & Body Works	**1,739**	**27**	**(30)**	**1,736**

The following table represents Company-operated store data for 2019:

	Stores February 2, 2019	Opened	Closed	Stores February 1, 2020
United States	1,619	38	(20)	1,637
Canada	102	1	(1)	102
Total Bath & Body Works	**1,721**	**39**	**(21)**	**1,739**

Partner-Operated Store Data

The following table represents partner-operated store data for 2021:

	Stores January 30, 2021	Opened	Closed	Stores January 29, 2022
International	270	55	(8)	317
International - Travel Retail	18	3	—	21
Total International	**288**	**58**	**(8)**	**338**

The following table represents partner-operated store data for 2020:

	Stores February 1, 2020	Opened	Closed	Stores January 30, 2021
International	262	12	(4)	270
International - Travel Retail	16	2	—	18
Total International	**278**	**14**	**(4)**	**288**

The following table represents partner-operated store data for 2019:

	Stores February 2, 2019	Opened	Closed	Stores February 1, 2020
International	223	43	(4)	262
International - Travel Retail	12	4	—	16
Total International	**235**	**47**	**(4)**	**278**

Results of Operations—2021 Compared to 2020

For 2021, operating income increased $405 million to $2.009 billion, and the operating income rate increased to 25.5% from 24.9%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2021 in comparison to 2020:

	2021	2020	% Change
	(in millions)		
Stores - U.S. and Canada	$ 5,709	$ 4,207	35.7%
Direct - U.S. and Canada	1,890	2,003	(5.7%)
International (a)	283	224	26.7%
Total Net Sales	$ 7,882	$ 6,434	22.5%

(a) Results include royalties associated with franchised store and wholesale sales.

The following table provides a reconciliation of net sales for 2020 to 2021:

	(in millions)
2020 Net Sales	$ 6,434
Comparable Store Sales	76
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net (a)	1,414
Direct Channels	(113)
International Wholesale, Royalty and Other	59
Foreign Currency Translation	12
2021 Net Sales	$ 7,882

Form 10-K

(a) Includes the increased sales period over period due to the 2020 COVID-19-related stores closures.

The following table compares 2021 comparable sales to 2020:

	2021	2020
Comparable Sales (Stores and Direct) (a)	(1%)	45%
Comparable Store Sales (a)	2%	26%

(a) The percentage change in comparable sales represents direct and comparable store sales. 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. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the center changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Comparable sales attributable to our Canadian stores are calculated on a constant currency basis.

For 2021, net sales increased $1.448 billion to $7.882 billion. Net sales increased in the stores channel $1.502 billion, or 35.7%, primarily due to the COVID-19-related store closures in 2020. In the direct channel, net sales decreased $113 million, or 5.7%, primarily due to the reopening of stores this year, as compared to the prior year when stores were closed which drove an increase in sales in the direct channel. International net sales increased by $59 million, or 26.7%, due to increases in partner-operated stores and digital sites as well as the COVID-19-related closures in 2020.

Performance was strong throughout the period as we saw positive customer response to our merchandise. We experienced growth in fragrant body care, home fragrance and gifting and accessories. As expected, soaps and sanitizers declined versus 2020's meaningful growth.

Gross Profit

For 2021, our gross profit increased $759 million to $3.855 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 48.9% from 48.1%. Gross profit increased due to the increase in merchandise margin dollars related to the increase in net sales, partially offset by higher occupancy expenses due to the increase in net sales. The gross profit rate increased due to buying and occupancy leverage on higher net sales, partially offset by a decline in the merchandise margin rate as a result of increased inflationary costs.

General, Administrative and Store Operating Expenses

For 2021, our general, administrative and store operating expenses increased $354 million to $1.846 billion, and the rate increased to 23.4% from 23.2%. General, administrative and store operating expenses increased due to higher store selling expenses given pandemic-related store closures in 2020, an increase in marketing expense as we returned to more normalized activity and an increase in charitable contributions to support philanthropic funds. These increases were partially offset by severance and related costs associated with headcount reductions totaling $30 million in the prior year. The general, administrative and store operating expense rate increased primarily due to the increase in marketing investments.

Other Income (Loss) and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2021 and 2020:

	2021	2020
Average daily borrowings (in millions)	$ 5,409	$ 6,317
Average borrowing rate	7.2 %	6.8 %

For 2021, our interest expense decreased $44 million to $388 million due to lower average daily borrowings partially offset by a higher average borrowing rate.

Other Loss

For 2021, our other loss was $198 million, consisting primarily of $195 million pre-tax losses associated with the early extinguishment of outstanding notes. For 2020, our other loss was $50 million, consisting primarily of a $53 million pre-tax loss associated with the early extinguishment of outstanding notes.

Provision for Income Taxes

For 2021, our effective tax rate was 24.5% compared to 22.9% in 2020. The 2021 rate is in line with our combined estimated federal and state statutory rate. The 2020 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters, which resulted in a $50 million tax benefit.

Results of Operations—Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

For the fourth quarter of 2021, operating income increased $9 million to $879 million, and the operating income rate decreased to 29.0% from 32.0%. 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 2021 in comparison to the fourth quarter of 2020:

	2021	2020	% Change
	(in millions)		
Stores - U.S. and Canada	$ 2,191	$ 1,903	15.1%
Direct - U.S. and Canada	764	750	1.9%
International (a)	72	66	11.5%
Total Net Sales	$ 3,027	$ 2,719	11.4%

(a) Results include royalties associated with franchised store and wholesale sales.

The following table provides a reconciliation of net sales for the fourth quarter of 2020 to the fourth quarter of 2021:

	(in millions)
2020 Net Sales	$ 2,719
Comparable Store Sales	199
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	87
Direct Channels	14
International, Wholesale, Royalty and Other	6
Foreign Currency Translation	2
2021 Net Sales	$ 3,027

The following table compares fourth quarter of 2021 comparable sales to fourth quarter of 2020:

	2021	2020
Comparable Sales (Stores and Direct) (a)	7%	22%
Comparable Store Sales (a)	11%	9%

(a) The percentage change in comparable sales represents direct and comparable store sales. 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. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the center changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Comparable sales attributable to our Canadian stores are calculated on a constant currency basis.

For the fourth quarter of 2021, net sales increased $308 million to $3.027 billion. Net sales increased in the stores channel by $288 million, or 15.1%, primarily due to an increase in sales transactions and in the average dollar sale. In addition, store capacity constraints due to COVID-19 protocols were less restrictive than the fourth quarter of 2020, which benefited store traffic. Direct net sales increased $14 million, or 1.9%, primarily due to the launch of our e-commerce site in Canada, partially offset by a decline in digital traffic given the impact from the store restrictions last year. International net sales increased by $6 million, or 11.5%, due to increases in partner-operated stores and digital sites.

In terms of category performance, during the fourth quarter of 2021, we experienced solid growth in fragrant body care, home fragrance and gifting and accessories compared to 2020. As expected, soaps and sanitizers declined versus the meaningful growth experienced in 2020.

Gross Profit

For the fourth quarter of 2021, our gross profit increased $39 million to $1.446 billion, and our gross profit rate (expressed as a percentage of net sales) decreased to 47.8% from 51.7%. Gross profit increased due to the increase in merchandise margin dollars related to the increase in net sales, partially offset by higher occupancy expenses due to the increase in net sales. The gross profit rate decreased primarily due to a decline in the merchandise margin rate driven by increased inflationary costs, and buying and occupancy expense deleverage driven by lapping one-time rent concessions in the fourth quarter of 2020 and continued investments in direct fulfillment capabilities.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2021, our general, administrative and store operating expenses increased $30 million to $567 million and the rate decreased to 18.7% from 19.8%. General, administrative and store operating expenses increased principally driven by an increase in marketing as we returned to more normalized activity and an increase in technology costs as we began the work to stand up a separate information technology function following the spin-off of Victoria's Secret & Co., partially offset by a decline in store payroll primarily due to lower bonus payouts. The general, administrative and store operating expense rate decreased primarily due to leverage on higher net sales.

Other Income (Loss) and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2021 and 2020:

	2021	2020
Average daily borrowings (in millions)	$ 4,915	$ 6,449
Average borrowing rate	7.1 %	7.2 %

For the fourth quarter of 2021, our interest expense decreased $29 million to $87 million due to both lower average daily borrowings and average borrowing rate.

Provision for Income Taxes

For the fourth quarter of 2021, our effective tax rate was 25.1% compared to 25.9% in 2020. The 2021 and 2020 rates are generally consistent with our combined estimated federal and state statutory rate.

Results of Operations—2020 Compared to 2019

For 2020, operating income increased $564 million to $1.604 billion, and the operating income rate increased to 24.9% from 19.2%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2020 in comparison to 2019:

	2020	2019	% Change
	(in millions)		
Stores - U.S. and Canada	$ 4,207	$ 4,212	(0.1%)
Direct - U.S. and Canada	2,003	958	109.1%
International (a)	224	185	20.8%
Other (b)	—	50	(100.0%)
Total Net Sales	$ 6,434	$ 5,405	19.0%

(a) Results include royalties associated with franchised store and wholesale sales.

(b) Results include wholesale revenues to La Senza subsequent to our divestiture of the business in 2018.

The following table provides a reconciliation of net sales for 2019 to 2020:

	Bath & Body Works	Other	Total
		(in millions)	
2019 Net Sales	$ 5,355	$ 50	$ 5,405
Comparable Store Sales	824	—	824
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net (a)	(830)	—	(830)
Direct Channels	1,045	—	1,045
International Wholesale, Royalty and Other	39	(50)	(11)
Foreign Currency Translation	1	—	1
2020 Net Sales	$ 6,434	$ —	$ 6,434

(a) Includes the impact of COVID-19-related stores closures.

The following table compares 2020 comparable sales to 2019:

	2020	2019
Comparable Sales (Stores and Direct) (a)	45%	10%
Comparable Store Sales (a)	26%	5%

(a) The percentage change in comparable sales represents direct and comparable store sales. 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. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results for 2020 exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the center changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Comparable sales attributable to our Canadian stores are calculated on a constant currency basis.

For 2020, net sales increased $1.029 billion to $6.434 billion. In the stores and direct channels, sales were strong across all merchandise categories, driven by continued high demand for soaps and sanitizers combined with strong sales performance in home fragrance and body care. The direct channel, which remained open throughout 2020, grew sales by 109.1% to $2.003 billion. These increases were partially offset by a decrease as a result of the COVID-19-related store closures as our stores were closed for a significant amount of time, primarily in the first and second quarter of 2020. Additionally, net sales decreased $50 million as we no longer provided sourcing services to La Senza, a company we divested in fiscal 2018.

The increase in comparable sales was driven by increases in digital traffic, conversion and average unit retail, partially offset by a decline in store traffic.

Gross Profit

For 2020, our gross profit increased $709 million to $3.096 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 48.1% from 44.2%. The gross profit increase was due to increased merchandise margin dollars related to the increase in net sales and the strong customer response to our merchandise assortment which allowed us to strategically pull back on promotional activity and marketing related offers, partially offset by higher expenses due to increased direct channel fulfillment and shipping costs. The gross profit rate increase was driven by an increase in the merchandise margin rate reflecting a meaningful pullback in promotional activity and buying and occupancy leverage on higher net sales.

General, Administrative and Store Operating Expenses

For 2020, our general, administrative and store operating expenses increased $145 million to $1.492 billion, and the rate decreased to 23.2% from 24.9%. General, administrative and store operating expenses increased due to increases in store selling expenses in connection with the increase in net sales and to support COVID-19 guidelines, and severance and related costs associated with headcount reductions totaling $30 million. The general, administrative and store operating expense rate decreased driven by leverage on higher net sales.

Other Income (Loss) and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2020 and 2019:

	2020	2019
Average daily borrowings (in millions)	$ 6,317	$ 5,568
Average borrowing rate	6.8 %	6.7 %

For 2020, our interest expense increased $62 million to $432 million due to both higher average daily borrowings and average borrowing rate.

Other Loss

For 2020, our other loss of $50 million, consisting primarily of a $53 million pre-tax loss associated with the early extinguishment of outstanding notes. For 2019, our other loss was $62 million, consisting primarily of a $40 million pre-tax loss associated with the early extinguishment of outstanding notes and a $37 million charge to increase reserves related to ongoing contingent obligations for the La Senza business, partially offset by interest income received on invested cash.

Provision for Income Taxes

For 2020, our effective tax rate was 22.9% compared to 24.3% in 2019. The 2020 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters, which resulted in a $50 million tax benefit. The 2019 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters.

Results of Operations—Fourth Quarter of 2020 Compared to Fourth Quarter of 2019

For the fourth quarter of 2020, operating income increased $257 million to $870 million, and the operating income rate increased to 32.0% from 27.5%. 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 2020 in comparison to the fourth quarter of 2019:

	2020	2019	% Change
	(in millions)		
Stores - U.S. and Canada	$ 1,903	$ 1,744	9.1%
Direct - U.S. and Canada	750	431	74.0%
International (a)	66	56	16.4%
Total Net Sales	$ 2,719	$ 2,231	21.8%

(a) Results include royalties associated with franchised store and wholesale sales.

The following table provides a reconciliation of net sales for the fourth quarter of 2019 to the fourth quarter of 2020:

	(in millions)
2019 Net Sales	$ 2,231
Comparable Store Sales	154
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	4
Direct Channels	319
International Wholesale, Royalty and Other	9
Foreign Currency Translation	2
2020 Net Sales	$ 2,719

The following table compares fourth quarter of 2020 comparable sales to fourth quarter of 2019:

	2020	2019
Comparable Sales (Stores and Direct) (a)	22%	10%
Comparable Store Sales (a)	9%	5%

(a) The percentage change in comparable sales represents direct and comparable store sales. 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. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results for 2020 exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the center changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Comparable sales attributable to our Canadian stores are calculated on a constant currency basis.

For the fourth quarter of 2020, net sales increased $488 million to $2.719 billion. We achieved growth in all merchandise categories with two-thirds of our dollar growth coming from our home fragrance and body care categories, and one-third of the growth coming from soaps and sanitizers. In the direct channel, fourth quarter sales increased by 74.0%, or $319 million. Traffic in the stores channel was limited during the Holiday time period by capacity constraints in stores on high volume days.

The increase in comparable sales was driven by increases in digital traffic, conversion and average unit retail, partially offset by a decline in store traffic, which was particularly constrained on high volume Holiday days.

Gross Profit

For the fourth quarter of 2020, our gross profit increased $351 million to $1.407 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 51.7% from 47.3%. The gross profit increase was due to increased merchandise margin dollars related to the increase in net sales and the strong customer response to our merchandise assortment which allowed us to strategically pull back on promotional activity and marketing related offers. This was partially offset by higher expenses due to increased direct channel fulfillment and shipping costs. The gross profit rate increase was driven by an increase in the merchandise margin rate reflecting a meaningful pullback in promotional activity and buying and occupancy leverage on higher net sales.

General, Administrative and Store Operating Expenses

For the fourth quarter of 2020, our general, administrative and store operating expenses increased $94 million to $537 million, and the rate decreased to 19.8% from 19.9%. General, administrative and store operating expenses increased due to an increase in store selling expenses related to the increase in net sales and to support COVID-19 guidelines, and an increase in incentive compensation payouts as a result of Company performance. The general, administrative and store operating expense rate decreased driven by leverage on higher net sales.

Other Income (Loss) and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2020 and 2019:

	2020	2019
Average daily borrowings (in millions)	$ 6,449	$ 5,459
Average borrowing rate	7.2 %	6.7 %

For the fourth quarter of 2020, our interest expense increased $26 million to $116 million due to both higher average daily borrowings and average borrowing rate.

Provision for Income Taxes

For the fourth quarter of 2020, our effective tax rate was 25.9% compared to 25.4% in 2019. The 2020 rate is generally consistent with our combined estimated federal and state statutory rate. The 2019 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters.

Form 10-K

FINANCIAL CONDITION

Liquidity and Capital Resources

Liquidity, or access to cash, is an important factor in determining our financial stability. We are committed to maintaining adequate liquidity. Cash generated from our operating activities provides the primary resources to support current operations, growth initiatives, seasonal funding requirements, capital expenditures, the payment of dividends and our share repurchases. 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, profit margins and income taxes. 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. Our cash and cash equivalents held by foreign subsidiaries were $81 million as of January 29, 2022.

We believe that our available short-term and long-term capital resources are sufficient to fund foreseeable requirements.

Working Capital and Capitalization

The following table provides a summary of our working capital position and capitalization as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Working Capital, Net of Assets and Liabilities from Discontinued Operations (a)	$ 1,719	$ 3,012
Capitalization:		
Long-term Debt	4,854	6,366
Shareholders' Equity (Deficit)	(1,518)	(662)
Total Capitalization	$ 3,336	$ 5,704
Amounts Available Under the ABL Facility (b)	$ 479	$ —

(a) The balance as of January 30, 2021 excludes the carrying value of assets and liabilities reported as discontinued operations on the Consolidated Balance Sheets.

(b) As of January 29, 2022, our borrowing base was $495 million and we had outstanding letters of credit, which reduce our availability under the ABL Facility, of $16 million. As of January 30, 2021 we were unable to draw upon the ABL Facility as our consolidated cash balance exceeded $350 million.

Debt Leverage Ratio

Our debt leverage ratio is defined as adjusted debt, which includes our long-term debt and total operating lease liabilities, divided by adjusted earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR"). Adjusted EBITDAR is calculated as adjusted operating income (a non-GAAP measure that is reconciled under the heading "Adjusted Financial Information from Continuing Operations," in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations), which excludes interest and taxes, before depreciation, amortization and lease costs. Our debt leverage ratio is a non-GAAP financial measure which we believe is useful to analyze our capital structure. Our debt leverage ratio calculation may not be comparable to similarly-titled measures reported by other companies. Our debt leverage ratio should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures.

The following table provides our debt leverage ratio as of, and for the years ended, January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(dollars in millions)	
Long-term Debt	$ 4,854	$ 6,366
Total Operating Lease Liabilities	1,159	1,115
Adjusted Debt	$ 6,013	$ 7,481
Adjusted Operating Income	$ 2,019	$ 1,634
Depreciation and Amortization	205	195
Total Lease Costs	358	311
Adjusted EBITDAR	$ 2,582	$ 2,140
Debt Leverage Ratio	2.33	3.50

Cash Flow

The cash flows related to discontinued operations have not been segregated in our Consolidated Statements of Cash Flows. Accordingly, the cash flows discussed below include the results of continuing and discontinued operations.

The following table provides a summary of our cash flow activity for the fiscal years ended January 29, 2022, January 30, 2021 and February 1, 2020:

	2021	2020	2019
		(in millions)	
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	$ 3,933	$ 1,499	$ 1,413
Net Cash Flows Provided by Operating Activities	1,492	2,039	1,236
Net Cash Flows Used for Investing Activities	(259)	(219)	(480)
Net Cash Flows Provided by (Used for) Financing Activities	(3,188)	610	(666)
Effects of Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash	1	4	(4)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	(1,954)	2,434	86
Cash and Cash Equivalents and Restricted Cash, End of Year	$ 1,979	$ 3,933	$ 1,499

Operating Activities

Net cash provided by operating activities in 2021 was $1.492 billion, including net income of $1.333 billion. Net income included depreciation of $363 million, loss on extinguishment of debt of $195 million, share-based compensation expense of $46 million, and deferred income tax expense of $45 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 of $177 million associated with the increase in Inventories.

Net cash provided by operating activities in 2020 was $2.039 billion, including net income of $844 million. Net income included depreciation of $521 million, Victoria's Secret store and lease asset impairment charges of $254 million, gain from formation of the Victoria's Secret U.K. and Ireland joint venture of $54 million, loss on extinguishment of debt of $53 million, share-based compensation expense of $50 million, non-cash gain from Victoria's Secret Hong Kong store closure and lease termination of $39 million and deferred income tax expense of $33 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 of $379 million associated with the increase in Accounts Payables, Accrued Expenses and Other and Other Assets and Liabilities.

Net cash provided by operating activities in 2019 was $1.236 billion, including net loss of $366 million. Net loss included depreciation of $588 million, Victoria's Secret goodwill impairment charges of $720 million, Victoria's Secret store and lease asset impairment charges of $263 million, share-based compensation expense of $87 million, loss on extinguishment of debt of $40 million, La Senza charges of $37 million and deferred income tax benefits of $29 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 of $93 million associated with the decrease in Accounts Payables, Accrued Expenses and Other.

Investing Activities

Net cash used for investing activities in 2021 was $259 million consisting primarily of $270 million of capital expenditures. Capital expenditures related to our continuing operations totaled $205 million, approximately 60% of which related to real estate investments with the remaining investment principally in technology and fulfillment center capabilities. Capital expenditures related to discontinued operations were $66 million.

Net cash used for investing activities in 2020 was $219 million consisting primarily of $228 million of capital expenditures. The capital expenditures were primarily related to spending on technology and logistics to support our and the Victoria's Secret digital businesses and other retail capabilities. Capital expenditures of approximately $80 million related to the opening of new stores or the remodeling and improving of existing stores, primarily for Bath & Body Works.

Net cash used for investing activities in 2019 was $480 million consisting primarily of $458 million of capital expenditures. The capital expenditures included $286 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and logistics to support our and the Victoria's Secret digital businesses and other retail capabilities.

We will continue to invest in our Bath & Body Works business to support growth in new off-mall stores and remodels, direct channel technology and fulfillment capabilities, as well as standing up a new information technology function. We are estimating 2022 capital expenditures to be approximately $400 million, with about 40% relating to real estate investments. The remaining capital expenditures forecast is principally related to our information technology investments and the new direct fulfillment center.

Financing Activities

Net cash used for financing activities in 2021 was $3.188 billion primarily consisting of $1.964 billion in repurchases of our common stock, $1.716 billion in payments for the early extinguishment of outstanding notes, transfers and payments to Victoria's Secret & Co. related to the spin-off of $376 million, dividend payments of $0.45 per share, or $120 million, and $59 million of tax payments related to share-based awards. These uses were partially offset by proceeds of $976 million from the Victoria's Secret & Co. spin-off and proceeds from stock option exercises of $83 million.

Net cash provided by financing activities in 2020 was $610 million consisting primarily of net proceeds of $2.218 billion from the issuance of new notes, partially offset by $1.307 billion in payments for the early extinguishment of outstanding notes, $155 million of net repayments under foreign borrowing facilities to support the Victoria's Secret business ("Victoria's Secret Foreign Facilities"), dividend payments of $0.30 per share, or $83 million, and payments of finance lease obligations of $53 million. We also borrowed and repaid $950 million under our Credit Agreement (as defined below) during 2020.

Net cash used for financing activities in 2019 was $666 million consisting primarily of $799 million in payments for the early extinguishment of outstanding notes, dividend payments of $1.20 per share, or $332 million, and tax payments related to share-based awards of $13 million. These were partially offset by the net proceeds of $486 million from the issuance of the 2029 Notes (as defined below) and $5 million of net new borrowings under the Victoria's Secret Foreign Facilities.

On February 2, 2022, we announced that our Board authorized a new $1.5 billion share repurchase program (the "February 2022 Program"). Also on February 2, 2022, as part of the February 2022 Program, we entered into an accelerated share repurchase agreement ("ASR") under which we will repurchase $1 billion of our own outstanding common stock. On February 4, 2022, we delivered $1 billion to the ASR bank, and the bank delivered approximately 14 million shares of our common stock to us (the "Initial Shares"). Pursuant to the terms of the ASR, the Initial Shares represented 80% of the number of shares determined by dividing our $1 billion payment by the closing price of our common stock on February 2, 2022. The aggregate number of shares of common stock to be delivered under the ASR will be based generally upon a discount to the Rule 10b-18 volume-weighted average price at which the shares of common stock trade during the regular trading sessions on the NYSE during the term of repurchase period. At final settlement, the ASR bank may be obligated to deliver additional shares of our common stock to us or we may be obligated to make delivery of shares of our common stock or a cash payment to the ASR bank, at our option. We expect final settlement of the share repurchases under the ASR to occur during the second quarter of 2022.

Also in February 2022, our Board increased the annual dividend to $0.80 per share and declared the quarterly dividend of $0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

Common Stock Share Repurchases

Our Board will determine share repurchase authorizations, giving consideration to our levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements as well as financial and other conditions existing at the time. We use cash flow generated from operating and financing activities to fund our share repurchase programs. The timing and amount of any repurchases will be made at our discretion, taking into account a number of factors, including market conditions.

In March 2021, our Board authorized a $500 million share repurchase plan (the "March 2021 Plan"), which replaced the $79 million remaining under a March 2018 repurchase program. Pursuant to the Board's authorization, we entered into a Rule 10b5-1 purchase plan to effectuate share repurchases for the first $250 million. In May 2021, we initiated a second $250 million Rule 10b5-1 purchase plan to effectuate the remaining share repurchases under the March 2021 Plan.

In July 2021, our Board authorized a new $1.5 billion share repurchase program (the "July 2021 Program"), which replaced the $36 million remaining under the March 2021 Plan. Under the authorization of this program, in July 2021 we entered into a stock repurchase agreement with our former CEO and certain of his affiliated entities pursuant to which we repurchased 10 million shares of our common stock for an aggregate purchase price of $730 million.

We did not repurchase any shares of our common stock in 2019 or 2020. We repurchased the following shares of our common stock during 2021:

Repurchase Program	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in millions)	(in thousands)	(in millions)	
March 2021 (a)	$ 500	6,996	$ 464	$ 66.30
July 2021 (a)	1,500	10,000	730	73.01
July 2021 (b)		11,234	770	68.53

(a) Reflects repurchases of L Brands, Inc. common stock prior to the August 2, 2021 spin-off of Victoria's Secret & Co.

(b) Reflects repurchases of Bath & Body Works, Inc. common stock subsequent to the August 2, 2021 spin-off of Victoria's Secret & Co.

On February 2, 2022, we announced that our Board authorized a new $1.5 billion share repurchase program. Also on February 2, 2022, as part of the February 2022 Program, we entered into an ASR under which we will repurchase $1 billion of our outstanding common stock. For additional information, refer to discussion under the heading "Cash Flow," in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Additionally, subsequent to January 29, 2022, we repurchased an additional 1.9 million shares of our common stock for $92 million under the February 2022 Program.

Common Stock Retirement

In accordance with our Board's resolution, shares of common stock repurchased under the July 2021 Program were to be retired and cancelled upon repurchase. As a result, we retired the 21 million shares repurchased under the July 2021 Program during 2021, which resulted in reductions of $11 million in the par value of Common Stock, $69 million in Paid-in Capital and $1.420 billion in Retained Earnings (Accumulated Deficit).

Dividend Policy and Procedures

Our Board will determine future dividends after giving consideration to our levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements, as well as financial and other conditions existing at the time. We use cash flow generated from operating and financing activities to fund our dividends.

Our Board suspended our quarterly cash dividend beginning in the second quarter of 2020 as a proactive measure to strengthen our financial flexibility and manage through the COVID-19 pandemic. In March 2021, our Board reinstated our annual dividend at $0.60 per share, beginning with the quarterly dividend paid in June 2021.

In February 2022, our Board increased the annual dividend to $0.80 per share and declared the quarterly dividend of $0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

Under the authority and declaration of our Board, we paid the following dividends during 2021, 2020 and 2019:

	Ordinary Dividends (per share)	Total Paid (in millions)
2021		
First Quarter	$ —	$ —
Second Quarter	0.15	42
Third Quarter	0.15	39
Fourth Quarter	0.15	39
2021 Total	$ 0.45	$ 120
2020		
First Quarter	$ 0.30	$ 83
Second Quarter	—	—
Third Quarter	—	—
Fourth Quarter	—	—
2020 Total	$ 0.30	$ 83
2019		
First Quarter	$ 0.30	$ 83
Second Quarter	0.30	83
Third Quarter	0.30	83
Fourth Quarter	0.30	83
2019 Total	$ 1.20	$ 332

Long-term Debt and Borrowing Facilities

The following table provides our outstanding debt balance, net of unamortized debt issuance costs and discounts, as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Senior Secured Debt with Subsidiary Guarantee		
$750 million, 6.875% Fixed Interest Rate Secured Notes due July 2025 ("2025 Secured Notes")	$ —	$ 740
Senior Debt with Subsidiary Guarantee		
$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 (“2022 Notes”)	—	284
$500 million, 5.625% Fixed Interest Rate Notes due October 2023 (“2023 Notes”)	—	319
$320 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	316	493
$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	281	278
$500 million, 5.25% Fixed Interest Rate Notes due February 2028 (“2028 Notes”)	497	497
$500 million, 7.50% Fixed Interest Rate Notes due June 2029 ("2029 Notes")	489	488
$1 billion, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")	990	988
$1 billion, 6.875% Fixed Interest Rate Notes due November 2035 (“2035 Notes”)	992	991
$700 million, 6.75% Fixed Interest Rate Notes due July 2036 (“2036 Notes”)	694	694
Total Senior Debt with Subsidiary Guarantee	$ 4,259	$ 5,032
Senior Debt		
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033 (“2033 Notes”)	$ 349	$ 348
$247 million, 7.60% Fixed Interest Rate Notes due July 2037 (“2037 Notes”)	246	246
Total Senior Debt	$ 595	$ 594
Total Long-term Debt	$ 4,854	$ 6,366

Issuance of Notes

In September 2020, we issued $1 billion of 6.625% senior notes due October 2030. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by us and certain of our 100% owned subsidiaries. The proceeds from the issuance were $988 million, which were net of issuance costs of $12 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

In June 2020, we issued $750 million of 6.875% senior secured notes due July 2025. The obligation to pay principal and interest on these notes was jointly and severally guaranteed on a full and unconditional basis by us and certain of our 100% owned subsidiaries. The proceeds from the issuance were $738 million, which were net of issuance costs of $12 million.

In June 2020, we also issued $500 million of 9.375% senior notes due in July 2025. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by us and certain of our 100% owned subsidiaries. The proceeds from the issuance were $492 million, which were net of issuance costs of $8 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

Repurchases of Notes

In September 2021, we completed tender offers to purchase $270 million of our outstanding 2023 Notes and $180 million of our outstanding 2025 Notes for an aggregate purchase price of $532 million. Additionally, in October 2021, we redeemed the remaining $50 million of our outstanding 2023 Notes for $54 million. We recognized a pre-tax loss related to this extinguishment of debt of $89 million (after-tax loss of $68 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In April 2021, we redeemed the remaining $285 million of our outstanding 2022 Notes and the $750 million of our outstanding 2025 Secured Notes. We recognized a pre-tax loss related to this extinguishment of debt of $105 million (after-tax loss of $80 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In October 2020, we completed tender offers to purchase $576 million of our outstanding 2022 Notes, $180 million of our outstanding 2023 Notes and $53 million of our outstanding 2037 Notes for $844 million. We used the proceeds from the 2030 Notes to fund the purchase price of the tender offers. Additionally, utilizing cash on hand, we redeemed the remaining $450 million of our outstanding 6.625% Fixed Interest Rates Notes due April 2021 (the "2021 Notes") for $463 million. We recognized a pre-tax loss related to this extinguishment of debt of $53 million (after-tax loss of $40 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2020 Consolidated Statement of Income.

In June 2019, we completed tender offers to purchase $212 million of our outstanding 7.000% Fixed Interest Rates Notes due May 2020 (the "2020 Notes"), $330 million of our outstanding 2021 Notes and $96 million of our outstanding 2022 Notes for $669 million. We used the proceeds from the 2029 Notes, together with cash on hand, to fund the purchase price for the tender offers. Additionally, in July 2019, we redeemed the remaining $126 million of outstanding 2020 Notes for $130 million. We recognized a pre-tax loss on this extinguishment of debt of $40 million (after-tax loss of $30 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2019 Consolidated Statement of Loss.

Asset-backed Revolving Credit Facility

We and certain of our 100% owned subsidiaries guarantee and pledge collateral to secure a revolving credit facility (the "Credit Agreement"). During the first quarter of 2020, in an abundance of caution and as a proactive measure in response to the COVID-19 pandemic, we elected to borrow $950 million under our Credit Agreement. In April 2020, we entered into an amendment and restatement of the Credit Agreement to convert our credit facility into an ABL Facility, which allows borrowings and letters of credit in U.S. dollars or Canadian dollars. The $950 million borrowing was repaid during the first quarter of 2020 upon completion of the April amendment.

In August 2021, we entered into an amendment and restatement (the "Amendment") of the Credit Agreement. The Amendment reduced the aggregate commitments under the ABL Facility to $750 million, reduced the interest rates on outstanding borrowings by 50 basis points, removed the requirement to prepay outstanding amounts under the ABL Facility should our consolidated cash balance exceed $350 million, extended the expiration date from August 2024 to August 2026 and released Victoria's Secret & Co. subsidiaries as guarantors, among other things.

Availability under the ABL Facility is the lesser of (i) the borrowing base, determined primarily based on our eligible U.S. and Canadian credit card receivables, accounts receivable, inventory and eligible real property, or (ii) the aggregate commitment. If at any time, the outstanding amount under the ABL Facility exceeds the lesser of (i) the borrowing base and (ii) the aggregate commitment, we are required to repay the outstanding amounts under the ABL Facility to the extent of such excess. As of January 29, 2022, our borrowing base was $495 million and we had no borrowings outstanding under the ABL Facility.

The ABL Facility supports our letter of credit program. We had $16 million of outstanding letters of credit as of January 29, 2022 that reduced our availability under the ABL Facility. As of January 29, 2022, our availability under the ABL Facility was $479 million.

As of January 29, 2022, the ABL Facility fees related to committed and unutilized amounts were 0.25% per annum, and the fees related to outstanding letters of credit were 1.25% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings was LIBOR plus 1.25% per annum. The interest rate on outstanding Canadian dollar-denominated borrowings was Canadian Dollar Offered Rate plus 1.25% per annum.

The ABL Facility requires us to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00 during an event of default or any period commencing on any day when specified excess availability is less than the greater of (1) $70 million or (2) 10% of the maximum borrowing amount. As of January 29, 2022, we were not required to maintain this ratio.

Credit Ratings

The following table provides our credit ratings as of January 29, 2022:

	Moody's	S&P
Corporate	Ba2	BB
Senior Unsecured Debt with Subsidiary Guarantee	Ba2	BB
Senior Unsecured Debt	B1	B+
Outlook	Positive	Positive

Guarantor Summarized Financial Information

Certain of our subsidiaries, which are listed on Exhibit 22 to this Annual Report on Form 10-K, have guaranteed our obligations under the 2025 Notes, 2027 Notes, 2028 Notes, 2029 Notes, 2030 Notes, 2035 Notes and 2036 Notes (collectively, the "Notes"). As a result of the Separation and Amendment to our ABL Facility, both of which were completed on August 2, 2021, certain of our current and former subsidiaries were released as guarantors under the Notes.

The Notes have been issued by Bath & Body Works, Inc. (the "Parent Company"). The Notes are its senior unsecured obligations and rank equally in right of payment with all of our existing and future senior unsecured obligations, are senior to any of our future subordinated indebtedness, are effectively subordinated to all of our existing and future indebtedness that is secured by a lien and are structurally subordinated to all existing and future obligations of each of our subsidiaries that do not guarantee the Notes.

The Notes are fully and unconditionally guaranteed on a joint and several basis by certain of our wholly-owned subsidiaries, including each subsidiary that also guarantees our obligations under certain of our senior secured credit facilities (such guarantees, the "Guarantees"; and, such guaranteeing subsidiaries, the "Subsidiary Guarantors"). The Guarantees of the Subsidiary Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions. Each Guarantee is limited, by its terms, to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor subject to avoidance under applicable fraudulent conveyance provisions of U.S. and non-U.S. law.

The following tables set forth summarized financial information for the Parent Company and the Subsidiary Guarantors, on a combined basis after elimination of (i) intercompany transactions and balances among the Parent Company and the Subsidiary Guarantors and (ii) investments in and equity in the earnings of non-Guarantor subsidiaries. Summarized financial information for periods prior to the Separation and Amendment to our ABL Facility on August 2, 2021 reflect the Subsidiary Guarantors in effect for those periods.

SUMMARIZED BALANCE SHEET	**January 29, 2022**
	(in millions)
ASSETS	
Current Assets (a)	$ 3,365
Noncurrent Assets	2,481
LIABILITIES	
Current Liabilities (b)	$ 2,956
Noncurrent Liabilities (c)	6,155

(a) Includes amounts due from non-Guarantor subsidiaries of $530 million as of January 29, 2022.

(b) Includes amounts due to non-Guarantor subsidiaries of $1.927 billion as of January 29, 2022.

(c) Includes amounts due to non-Guarantor subsidiaries of $5 million as of January 29, 2022.

SUMMARIZED STATEMENT OF INCOME

	2021
	(in millions)
Net Sales (a)	$ 10,699
Gross Profit	4,907
Operating Income	2,307
Income Before Income Taxes	1,689
Net Income (b)	1,274

(a) Includes net sales of $199 million to non-Guarantor subsidiaries.

(b) Includes net loss of $74 million related to transactions with non-Guarantor subsidiaries.

Contingent Liabilities and Contractual Obligations

The following table provides our contractual obligations, aggregated by type, including the maturity profile as of January 29, 2022:

	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)	$ 8,386	$ 339	$ 678	$ 1,250	$ 6,119	$ —
Future Lease Obligations (b)	1,466	242	443	375	406	—
Purchase Obligations (c)	747	582	91	41	33	—
Other Liabilities (d)	185	105	23	17	—	40
Total	$ 10,784	$ 1,268	$ 1,235	$ 1,683	$ 6,558	$ 40

(a) Long-term debt obligations relate to our principal and interest payments for outstanding notes and debentures. Interest payments have been estimated based on the coupon rate for fixed rate obligations. Interest obligations exclude amounts which have been accrued through January 29, 2022. For additional information, see Note 13 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(b) Future lease obligations primarily represent minimum payments due under store lease agreements. For additional information, see Note 8 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 includes future estimated payments associated with unrecognized tax benefits. The “Less Than 1 Year” category includes $104 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 $40 million is included in the “Other” category as it is not reasonably possible that the amounts could change in the next 12 months. In addition, we have a remaining liability of $40 million related to the deemed repatriation tax on our undistributed foreign earnings resulting from the Tax Cuts and Jobs Act. The tax liability will be paid over the next three years. For additional information, see Note 12 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

Lease Guarantees

In connection with the spin-off of Victoria's Secret & Co., we have remaining contingent obligations of approximately $265 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. In addition, in connection with the sale of La Senza in the fourth quarter of 2018, we have remaining contingent obligations of approximately $25 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases expiring at various dates through 2028. These obligations 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 these businesses. Our reserves related to these obligations were not significant as of January 29, 2022.

Recently Issued Accounting Pronouncements

We did not adopt any new accounting standards during 2021 that had a material impact on our consolidated results of operations, financial position or cash flows. In addition, as of March 18, 2022, there are no new accounting standards not yet adopted that are expected to have a material impact on our consolidated results of operations, financial position or cash flows.

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, valuation of long-lived store 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 net realizable value, on an 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 from continuing operations by approximately $2 million for 2021. A 10% increase or decrease in the estimated physical inventory loss adjustment would have impacted net income from continuing operations by approximately $1 million for 2021.

Valuation of Long-lived Store Assets

Long-lived store assets, which include leasehold improvements, store related assets and operating lease assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Store assets are grouped at the lowest level for which they are largely independent of other assets or asset groups. If the estimated undiscounted future cash flows related to the asset group are less than the carrying value, we recognize a loss equal to the difference between the carrying value and the estimated fair value, determined by the estimated discounted future cash flows of the asset group. For operating lease assets, we determine the fair value of the assets by comparing the contractual rent payments to estimated market rental rates. An individual asset within an asset group is not impaired below its estimated fair value. The fair value of long-lived store assets are determined using Level 3 inputs within the fair value hierarchy.

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.

Claims and Contingencies

We are subject to various claims and contingencies related to lawsuits, taxes, 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 Statements of Income (Loss) in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

Significant judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. In determining our provision for income taxes, we 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 740, *Income Taxes*, which contains a two-step approach to recognize and measure 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 for which actual outcomes may differ from forecasted 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.

Revenue Recognition

We recognize revenue based on the amount we expect to receive when control of the goods or services is transferred to our customer. We recognize sales upon customer receipt of merchandise, which for direct channel revenues reflect an estimate of shipments that have not yet been received by our customer based on shipping terms and historical delivery times. Our shipping and handling revenues are included in Net Sales with the related costs included in Costs of Goods Sold, Buying and Occupancy in our Consolidated Statements of Income (Loss). We also provide a reserve for projected merchandise returns based on historical experience. Net Sales exclude sales and other similar taxes collected from customers.

We offer a loyalty program that allows customers to earn points based on purchasing activity. As customers accumulate points and reach point thresholds, they can use the points to purchase merchandise in stores or online. We allocate revenue to points earned on qualifying purchases and defer recognition until the points are redeemed. The amount of revenue deferred is based on the relative stand-alone selling price method, which includes an estimate for points not expected to be redeemed based on historical experience.

We sell gift cards with no expiration dates to customers. We do not charge administrative fees on unused gift cards. We recognize revenue from gift cards when they are redeemed by the customer. In addition, we recognize revenue on unredeemed gift cards where 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). Gift card breakage revenue is recognized in proportion, and over the same period, as actual gift card redemptions. 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 (Loss).

We also recognize revenues associated with franchise, license, wholesale and sourcing 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 and sourcing arrangements at the time the title passes to the partner.

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 may use derivative financial instruments like foreign currency forward contracts, cross-currency swaps and interest rate swap arrangements to manage exposure to market risks. We do not use derivative financial instruments for trading purposes.

Foreign Exchange Rate Risk

Our Canadian dollar denominated earnings are subject to exchange rate risk as substantially all our merchandise sold in Canada is sourced through U.S. dollar transactions. Although we utilize foreign currency forward contracts to partially offset risks associated with our operations in Canada, these measures may not succeed in offsetting all 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 objective of our investment activities is the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. Our investment portfolio is primarily comprised of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, 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 our long-term debt as of January 29, 2022 has fixed interest rates. We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. Our exposure to interest rate changes is limited to the fair value of the debt issued, which would not have a material impact on our earnings or cash flows.

Fair Value of Financial Instruments

As of January 29, 2022, we believe that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

The following table provides a summary of the principal value and estimated fair value of outstanding publicly traded debt as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Principal Value	$ 4,915	$ 6,449
Fair Value, Estimated (a)	5,493	7,243

(a) 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.

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. Our investment portfolio is primarily comprised of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, commercial paper and bank deposits. 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.

BATH & BODY WORKS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 2021, 2020 and 2019 refer to the 52-week periods ended January 29, 2022, January 30, 2021 and February 1, 2020, respectively.

Management's Report on Internal Control Over Financial Reporting

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 29, 2022. 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 29, 2022.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting. Ernst & Young LLP's report appears on the following page and expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of January 29, 2022.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Bath & Body Works, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Bath & Body Works, Inc.'s internal control over financial reporting as of January 29, 2022, 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). In our opinion, Bath & Body Works, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 29, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Bath & Body Works, Inc. as of January 29, 2022 and January 30, 2021 and the related consolidated statements of income (loss), comprehensive income (loss), total equity (deficit), and cash flows for each of the three years in the period ended January 29, 2022, and the related notes and our report dated March 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Grandview Heights, Ohio
March 18, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Bath & Body Works, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bath & Body Works, Inc. (the Company) as of January 29, 2022 and January 30, 2021, the related consolidated statements of income (loss), comprehensive income (loss), total equity (deficit), and cash flows for each of the three years in the period ended January 29, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 29, 2022 and January 30, 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 29, 2022, 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) (PCAOB), the Company's internal control over financial reporting as of January 29, 2022, 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, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Tax-Free Determination of the Spin-Off of the Victoria's Secret Business

Description of the Matter	As described in Notes 1 and 2 to the consolidated financial statements, on August 2, 2021, the Company completed the spin-off of its Victoria's Secret business into an independent, publicly traded company. The spin-off was executed through a stock distribution to the Company's shareholders. As disclosed by management, the spin-off of the Victoria's Secret business was determined to qualify for U.S. Federal tax-free treatment under certain sections of the Internal Revenue Code. The determination of the transaction as tax-free requires management to interpret and apply judgment to complex tax laws and regulations. We identified the determination by management that the spin-off is a tax-free transaction for U.S. Federal income tax purposes to be a critical audit matter because of the complexity of the interpretation and application of the Internal Revenue Code ("Code"), the materiality of the potential tax consequences, and the need to involve our income tax specialists when performing audit procedures to evaluate the U.S. Federal taxability of the spin-off.
How We Addressed the Matter in Our Audit	Our audit procedures related to the evaluation of the U.S Federal taxability of the spin-off included the following, among others: We tested the effectiveness of controls over management's evaluation of the spin-off as tax free for U.S. Federal income tax. We inspected the opinion from the Company's outside legal counsel that management utilized in forming their conclusions on U.S. Federal taxability of the spin-off, including certain interpretations of the Code and related statutes. We assessed the key facts and assumptions in the opinion from the Company's outside legal counsel detailing the requirements under the Code and specifying how such requirements were met. With the assistance of our income tax specialists, we evaluated management's conclusion that the requirements were met to qualify the spin-off as tax free for U.S. Federal income tax purposes. We inspected meeting minutes of the Board of Directors and its committees, income tax filings, support from external advisors, historical financial results of the Company and Victoria's Secret, and contracts associated with the spin-off for corroborating or contradictory evidence. We obtained written representations from management concerning management's intent associated with future transactions that could affect U.S. Federal taxability.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2003.

Grandview Heights, Ohio
March 18, 2022

BATH & BODY WORKS, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in millions except per share amounts)

	2021	2020	2019
Net Sales	$ 7,882	$ 6,434	$ 5,405
Costs of Goods Sold, Buying and Occupancy	(4,027)	(3,338)	(3,018)
Gross Profit	3,855	3,096	2,387
General, Administrative and Store Operating Expenses	(1,846)	(1,492)	(1,347)
Operating Income	2,009	1,604	1,040
Interest Expense	(388)	(432)	(370)
Other Loss	(198)	(50)	(62)
Income from Continuing Operations Before Income Taxes	1,423	1,122	608
Provision for Income Taxes	348	257	148
Net Income from Continuing Operations	1,075	865	460
Income (Loss) from Discontinued Operations, Net of Tax	258	(21)	(826)
Net Income (Loss)	$ 1,333	$ 844	$ (366)
Net Income (Loss) per Basic Share			
Continuing Operations	$ 4.00	$ 3.11	$ 1.66
Discontinued Operations	0.96	(0.07)	(2.99)
Total Net Income (Loss) per Basic Share	$ 4.96	$ 3.04	$ (1.33)
Net Income (Loss) per Diluted Share			
Continuing Operations	$ 3.94	$ 3.07	$ 1.65
Discontinued Operations	0.95	(0.07)	(2.97)
Total Net Income (Loss) per Diluted Share	$ 4.88	$ 3.00	$ (1.32)

BATH & BODY WORKS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	2021	2020	2019
Net Income (Loss)	$ 1,333	$ 844	$ (366)
Other Comprehensive Income (Loss), Net of Tax:			
Foreign Currency Translation	2	(3)	(5)
Reclassification of Currency Translation to Earnings	—	36	—
Unrealized Gain (Loss) on Cash Flow Hedges	1	(2)	2
Reclassification of Cash Flow Hedges to Earnings	2	—	(4)
Total Other Comprehensive Income (Loss), Net of Tax	5	31	(7)
Total Comprehensive Income (Loss)	$ 1,338	$ 875	$ (373)

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

BATH & BODY WORKS, INC.

CONSOLIDATED BALANCE SHEETS

(in millions except par value amounts)

	January 29, 2022	January 30, 2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,979	$ 3,568
Accounts Receivable, Net	240	148
Inventories	709	572
Other	81	52
Current Assets of Discontinued Operations	—	1,239
Total Current Assets	3,009	5,579
Property and Equipment, Net	1,009	1,017
Operating Lease Assets	1,021	968
Goodwill	628	628
Trade Name	165	165
Deferred Income Taxes	45	58
Other Assets	149	175
Other Assets of Discontinued Operations	—	2,981
Total Assets	$ 6,026	$ 11,571
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities:		
Accounts Payable	$ 435	$ 345
Accrued Expenses and Other	651	727
Current Operating Lease Liabilities	170	173
Income Taxes	34	83
Current Liabilities of Discontinued Operations	—	1,498
Total Current Liabilities	1,290	2,826
Deferred Income Taxes	157	141
Long-term Debt	4,854	6,366
Long-term Operating Lease Liabilities	989	942
Other Long-term Liabilities	253	290
Other Long-term Liabilities of Discontinued Operations	—	1,667
Shareholders' Equity (Deficit):		
Preferred Stock—$1.00 par value; 10 shares authorized; none issued	—	—
Common Stock—$0.50 par value; 1,000 shares authorized; 269 and 286 shares issued; 254 and 278 shares outstanding, respectively	134	143
Paid-in Capital	893	891
Accumulated Other Comprehensive Income	80	83
Retained Earnings (Accumulated Deficit)	(1,803)	(1,421)
Less: Treasury Stock, at Average Cost; 15 and 8 shares, respectively	(822)	(358)
Total Bath & Body Works, Inc. Shareholders' Equity (Deficit)	(1,518)	(662)
Noncontrolling Interest	1	1
Total Equity (Deficit)	(1,517)	(661)
Total Liabilities and Equity (Deficit)	$ 6,026	$ 11,571

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

BATH & BODY WORKS, 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, 2019	275	$ 141	$ 771	$ 59	$ (1,482)	$ (358)	$ 4	$ (865)
Cumulative Effect of Accounting Change	—	—	—	—	(2)	—	—	(2)
Balance, February 3, 2019	275	$ 141	$ 771	$ 59	$ (1,484)	$ (358)	$ 4	$ (867)
Net Loss	—	—	—	—	(366)	—	—	(366)
Other Comprehensive Loss	—	—	—	(7)	—	—	—	(7)
Total Comprehensive Loss	—	—	—	(7)	(366)	—	—	(373)
Cash Dividends ($1.20 per share)	—	—	—	—	(332)	—	—	(332)
Share-based Compensation and Other	2	1	76	—	—	—	—	77
Balance, February 1, 2020	277	$ 142	$ 847	$ 52	$ (2,182)	$ (358)	$ 4	$ (1,495)
Net Income	—	—	—	—	844	—	—	844
Other Comprehensive Income	—	—	—	31	—	—	—	31
Total Comprehensive Income	—	—	—	31	844	—	—	875
Cash Dividends ($0.30 per share)	—	—	—	—	(83)	—	—	(83)
Share-based Compensation and Other	1	1	44	—	—	—	(3)	42
Balance, January 30, 2021	278	$ 143	$ 891	$ 83	$ (1,421)	$ (358)	$ 1	$ (661)
Net Income	—	—	—	—	1,333	—	—	1,333
Other Comprehensive Income	—	—	—	5	—	—	—	5
Total Comprehensive Income	—	—	—	5	1,333	—	—	1,338
Victoria's Secret Spin-Off	—	—	—	(8)	(175)	—	—	(183)
Cash Dividends ($0.45 per share)	—	—	—	—	(120)	—	—	(120)
Repurchases of Common Stock	(28)	—	—	—	—	(1,964)	—	(1,964)
Treasury Share Retirement	—	(11)	(69)	—	(1,420)	1,500	—	—
Share-based Compensation and Other	4	2	71	—	—	—	—	73
Balance, January 29, 2022	254	$ 134	$ 893	$ 80	$ (1,803)	$ (822)	$ 1	$ (1,517)

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

Form 10-K

BATH & BODY WORKS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (a)

(in millions)

	2021	2020	2019
Operating Activities			
Net Income (Loss)	$ 1,333	$ 844	$ (366)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation of Long-lived Assets	363	521	588
Loss on Extinguishment of Debt	195	53	40
Share-based Compensation Expense	46	50	87
Deferred Income Taxes	45	33	(29)
Impairment of Victoria's Secret Goodwill	—	—	720
Victoria's Secret Asset Impairment Charges	—	254	263
Gain from Victoria's Secret Hong Kong Store Closure and Lease Termination	—	(39)	—
Gain Related to Formation of Victoria's Secret U.K. Joint Venture	—	(54)	—
La Senza Charges	—	—	37
Changes in Assets and Liabilities:			
Accounts Receivable	(64)	38	31
Inventories	(177)	3	(40)
Accounts Payable, Accrued Expenses and Other	(86)	166	(93)
Income Taxes Payable	(72)	(43)	18
Other Assets and Liabilities	(91)	213	(20)
Net Cash Provided by Operating Activities	1,492	2,039	1,236
Investing Activities			
Capital Expenditures	(270)	(228)	(458)
Other Investing Activities	11	9	(22)
Net Cash Used for Investing Activities	(259)	(219)	(480)
Financing Activities			
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	—	2,218	486
Payments of Long-term Debt	(1,716)	(1,307)	(799)
Borrowing from Credit Agreement	—	950	12
Repayment of Credit Agreement	—	(950)	(12)
Proceeds from Spin-Off of Victoria's Secret & Co.	976	—	—
Transfers and Payments to Victoria's Secret & Co. related to Spin-Off	(376)	—	—
Net Borrowings from (Repayments of) Victoria's Secret Foreign Facilities	—	(155)	5
Repurchases of Common Stock	(1,964)	—	—
Dividends Paid	(120)	(83)	(332)
Proceeds from Stock Option Exercises	83	8	1
Tax Payments related to Share-based Awards	(59)	(12)	(13)
Payments of Finance Lease Obligations	(12)	(53)	(8)
Other Financing Activities	—	(6)	(6)
Net Cash Provided by (Used for) Financing Activities	(3,188)	610	(666)
Effects of Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash	1	4	(4)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	(1,954)	2,434	86
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	3,933	1,499	1,413
Cash and Cash Equivalents and Restricted Cash, End of Year	$ 1,979	$ 3,933	$ 1,499

(a) The cash flows related to discontinued operations have not been segregated. Accordingly, the Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Bath & Body Works, Inc. ("Bath & Body Works" or the "Company") is a specialty retailer of home fragrance, body care products and soaps and sanitizer products. Through the Bath & Body Works, White Barn and other brand names, the Company sells merchandise through Company-operated specialty retail stores in the United States of America ("U.S.") and Canada, and through its websites and other channels. The Company's international operations are primarily through franchise, license and wholesale partners.

On August 2, 2021, the Company completed the tax-free spin-off of its Victoria's Secret business, which included the Victoria's Secret and PINK brands, into an independent publicly traded company (the "Separation"). Accordingly, the operating results of, and costs to separate, the Victoria's Secret business are reported in Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) for all periods presented. In addition, the related assets and liabilities are reported as Assets and Liabilities of Discontinued Operations on the Consolidated Balance Sheets. All amounts and disclosures included in the Notes to Consolidated Financial Statements reflect only the Company's continuing operations unless otherwise noted. For additional information, see Note 2, "Discontinued Operations."

On August 2, 2021, in connection with the tax-free spin-off of the Victoria's Secret business discussed above, the Company changed its name from L Brands, Inc. to Bath & Body Works, Inc. Additionally, starting August 3, 2021, the Company's common stock began trading under the stock symbol "BBWI."

Segment Reporting

The Company operates as and reports a single segment that includes all of its continuing operations. The Company previously had two reportable segments: Bath & Body Works and Victoria's Secret. The Victoria's Secret reportable segment was spun-off on August 2, 2021 and is reported as discontinued operations for all periods presented.

Impacts of COVID-19

The coronavirus ("COVID-19") pandemic has created significant public health concerns as well as economic disruption, uncertainty and volatility. The Company's operations and financial performance have been materially impacted by the COVID-19 pandemic. In the first quarter of 2020, all the Company-operated stores were closed on March 17, 2020, but the Company was able to re-open the majority of its stores as of the end of the second quarter of 2020. The direct business remained open for the duration of 2020. During 2020, the Company took prudent actions to manage expenses and to maintain its cash position and financial flexibility.

The Company adopted new operating models focused on safety in connection with the pandemic. The Company continues to remain focused on providing a safe store environment for its customers and associates, while also delivering an engaging shopping experience. The Company also remains focused on the safe operations of its corporate facilities, and distribution and fulfillment centers while maximizing its direct business. There remains the potential for COVID-related closures or operating restrictions, which could materially impact the Company's operations and financial performance in future periods.

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, “2021," "2020," and “2019” refer to the 52-week periods ended January 29, 2022, January 30, 2021 and February 1, 2020, 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's 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 all unconsolidated entities is included in Other Loss in the Consolidated Statements of Income (Loss). The Company’s equity method investments are required to be reviewed for impairment when it is determined there may be an other-than-temporary loss in value.

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 are included in Accounts Payable on the Consolidated Balance Sheets.

Restricted Cash

During 2020, the Company placed cash on deposit with certain financial institutions as collateral for their lending commitments to certain former Victoria's Secret subsidiaries. These deposits totaled $30 million as of January 30, 2021 and were recorded in Other Assets on the Consolidated Balance Sheet. During the second quarter of 2021, these lending commitments were terminated which released the restrictions on this cash. Accordingly, the balance was reclassified to Cash and Cash Equivalents during the second quarter of 2021.

The following table summarizes the location of the Company's Cash and Cash Equivalents and restricted cash in the Consolidated Balance Sheets as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Cash and Cash Equivalents	$ 1,979	$ 3,568
Current Assets of Discontinued Operations	—	335
Other Assets	—	30
Total Cash and Cash Equivalents and Restricted Cash	$ 1,979	$ 3,933

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. The Company's investment portfolio is primarily comprised of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, 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 determines the required allowance for expected credit losses using information such as customer credit history and financial condition. Amounts are recorded to the allowance when it is determined that expected credit losses may occur.

Inventories

Inventories are principally valued at the lower of cost or net realizable value, on an average cost basis.

The Company records valuation adjustments to its inventories if the cost of inventory 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 marketing costs are expensed at the time the promotion first appears in media, in the store or when the advertising is mailed. Advertising and marketing costs totaled $166 million for 2021, $112 million for 2020 and $122 million for 2019.

Property and Equipment

The Company’s property and equipment are recorded at cost and depreciation 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 - 5 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 (loss). Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend useful lives are capitalized.

Long-lived store assets, which include leasehold improvements, store related assets and operating lease assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Store assets are grouped at the lowest level for which they are largely independent of other assets or asset groups. If the estimated undiscounted future cash flows related to the asset group are less than the carrying value, the Company recognizes a loss equal to the difference between the carrying value and the estimated fair value, determined by the estimated discounted future cash flows of the asset group. For operating lease assets, the Company determines the fair value of the assets by comparing the contractual rent payments to estimated market rental rates. An individual asset within an asset group is not impaired below its estimated fair value. The fair value of long-lived store assets are determined using Level 3 inputs within the fair value hierarchy.

Leases and Leasehold Improvements

The Company leases retail space, office space, warehouse facilities, storage space, equipment and certain other items under operating leases. A substantial portion of the Company’s leases are operating leases for its stores, which generally have an initial term of 10 years. Annual store rent consists of a fixed minimum amount and/or variable rent based on a percentage of sales exceeding a stipulated amount. Store lease terms generally also require additional payments covering certain operating costs such as common area maintenance, utilities, insurance and taxes. Certain leases contain predetermined fixed escalations of minimum rentals or require periodic adjustments of minimum rentals depending on an index or rate. Additionally, certain leases contain incentives, such as construction allowances from landlords and/or rent abatements subsequent to taking possession of the leased property.

At lease commencement, the Company recognizes an asset for the right to use the leased asset and a liability based on the present value of the unpaid fixed lease payments. Operating lease costs are recognized on a straight-line basis as lease expense over the lease term. Variable lease payments associated with the Company's leases are recognized upon occurrence of the event or circumstance on which the payments are assessed. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheet, and lease expense is recognized on a straight-line basis over the lease term. The Company uses its incremental borrowing rate, adjusted for collateral, to determine the present value of its unpaid lease payments.

The Company’s store leases often include options to extend the initial term or to terminate the lease prior to the end of the initial term. The exercise of these options is typically at the sole discretion of the Company. These options are included in determining the initial lease term at lease commencement if the Company is reasonably certain to exercise the option. Additionally, the Company may operate stores for a period of time on a month-to-month basis after the expiration of the lease term.

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.

Intangible Assets - Goodwill and Trade Name

The Company has recorded goodwill and trade name intangible assets resulting from business combinations that are recorded at cost.

Goodwill is reviewed for impairment at the reporting unit level each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. The Company has the option to either first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit's fair value is less than its carrying value (including goodwill), or to proceed directly to the quantitative assessment which requires a comparison of a reporting unit's fair value to its carrying value (including goodwill). If the Company determines that the fair value of a reporting unit is less than its carrying value, it recognizes an impairment charge equal to the difference, not to exceed the total amount of goodwill allocated to a reporting unit. The Company's reporting units are determined in accordance with the provisions of ASC 350, *Intangibles - Goodwill and Other*.

The Bath & Body Works trade name is an intangible asset with and indefinite life that is reviewed for impairment each year in the fourth quarter, and may be reviewed more frequently if certain events occur or circumstances change. The Company has the option to either first perform a qualitative assessment to determine whether it is more likely than not that the trade name is impaired, or to proceed directly to the quantitative assessment which requires a comparison of the fair value of the trade name to its carrying value. To determine if the fair value of the trade name is less than its carrying amount, the Company will estimate the fair value, usually determined by the relief from royalty method under the income approach, and compare that value with its carrying amount. If the carrying value of the trade name exceeds its fair value, the Company recognizes an impairment charge equal to the difference.

Foreign Currency Translation

The functional currency of the Company’s foreign operations is generally the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect as of the balance sheet date, while revenues and expenses are translated at the average exchange rates for the period. The Company’s resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in shareholders’ equity (deficit). Accumulated foreign currency translation adjustments are reclassified to net income (loss) when realized upon sale or upon complete, or substantially complete, liquidation of the investment in the foreign entity.

Derivative Financial Instruments

The earnings of the Company's Canadian operations are subject to exchange rate risk as substantially all the merchandise is sourced through U.S. dollar transactions. The Company uses foreign currency forward contracts designated as cash flow hedges to mitigate this foreign currency exposure. Amounts are reclassified from accumulated other comprehensive income (loss) upon sale of the hedged merchandise to the customer. These gains and losses are recognized in Costs of Goods Sold, Buying and Occupancy in the Consolidated Statements of Income (Loss). All designated cash flow hedges are recorded on the Consolidated Balance Sheets at fair value. The fair value of designated cash flow hedges is not significant for any period presented. The Company does not use derivative financial instruments for trading purposes.

Fair Value

The authoritative guidance included in ASC 820, *Fair Value Measurement,* 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 trade names in accordance with the provisions of ASC 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 Statements of Income (Loss) in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

In determining the Company's provision for income taxes, 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 recognize and measure 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 for which actual outcomes may differ from forecasted outcomes. The Company's policy is to include interest and penalties related to uncertain tax positions in income tax expense.

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 (Loss).

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 associates and directors as compensation cost over the service period based on their estimated fair value on the date of grant. The Company estimates award forfeitures at the time awards are granted and adjusts, if necessary, in subsequent periods based on historical experience and expected future forfeitures.

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 revenue based on the amount it expects to receive when control of the goods or services is transferred to the customer. The Company recognizes sales upon customer receipt of merchandise, which for direct channel revenues reflect an estimate of shipments that have not yet been received by the customer based on shipping terms and historical 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 in the Consolidated Statements of Income (Loss). The Company also provides a reserve for projected merchandise returns based on historical experience. Net Sales exclude sales and other similar taxes collected from customers.

The Company offers a loyalty program that allows customers to earn points based on purchasing activity. As customers accumulate points and reach point thresholds, they can use the points to purchase merchandise in stores or online. The Company allocates revenue to points earned on qualifying purchases and defers recognition until the points are redeemed. The amount of revenue deferred is based on the relative stand-alone selling price method, which includes an estimate for points not expected to be redeemed based on historical experience.

The Company sells gift cards with no expiration dates to customers. The Company does not charge administrative fees on unused gift cards. The Company recognizes revenue from gift cards when they are redeemed by the customer. In addition, the Company recognizes revenue on unredeemed gift cards where 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). Gift card breakage revenue is recognized in proportion, and over the same period, as actual gift card redemptions. 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 (Loss).

The Company also recognizes revenues associated with franchise, license, wholesale and sourcing 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 and sourcing arrangements at the time the title passes to the partner.

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; and 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 (Loss).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. 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.

Recently Issued Accounting Pronouncements

The Company did not adopt any new accounting standards during 2021 that had a material impact on the Company's consolidated results of operations, financial position or cash flows. In addition, as of March 18, 2022, there are no new accounting standards not yet adopted that are expected to have a material impact on the Company's consolidated results of operations, financial position or cash flows.

2. Discontinued Operations

On July 9, 2021, the Company announced that its Board of Directors (the "Board") approved the previously announced Separation of the Victoria's Secret business into an independent, publicly traded company, Victoria's Secret & Co. On August 2, 2021 (the "Distribution Date"), after the New York Stock Exchange ("NYSE") market closing, the Separation was completed. The Separation was achieved through the Company's tax-free distribution (the "Distribution") of 100% of the shares of Victoria's Secret & Co. common stock to holders of L Brands, Inc. common stock as of the close of business on the record date of July 22, 2021. The Company's stockholders of record received one share of Victoria's Secret & Co. common stock for every three shares of the Company's common stock. On August 3, 2021, Victoria's Secret & Co. became an independent, publicly-traded company trading on the NYSE under the stock symbol "VSCO." The Company retained no ownership interest in Victoria's Secret & Co. following the Separation.

In July 2021, Victoria's Secret & Co., prior to the Separation and while a subsidiary of the Company, issued $600 million of 4.625% notes due in July 2029 (the "VSCO Notes"). As of July 31, 2021, the initial proceeds were held in escrow for release to Victoria's Secret & Co. upon satisfaction of certain conditions, including completion of the Separation. Additionally, on August 2, 2021, in connection with the Separation, Victoria's Secret & Co. entered into a term loan facility with an aggregate principal amount of $400 million and a senior secured asset-based revolving credit facility with an aggregate principal committed amount of $750 million. In connection with the Separation, Victoria's Secret & Co. received net cash proceeds of $384 million from its $400 million borrowing under its credit facilities. The proceeds from the credit facilities and the $592 million net proceeds from the VSCO Notes were used to fund cash payments of $976 million to the Company in connection with the Separation. The Company does not guarantee the VSCO Notes, the Victoria's Secret & Co. term loan facility or the Victoria's Secret & Co. senior secured asset-based revolving credit facility following the Separation.

Cash and Cash Equivalents of $282 million held by Victoria's Secret subsidiaries were transferred to Victoria's Secret & Co. on the Distribution Date. Additionally, the Company made payments of $94 million during 2021 to Victoria's Secret & Co. following the Separation for costs incurred prior to the Distribution Date pursuant to the terms of the Separation agreements.

During 2021, the Company recognized a net reduction to Retained Earnings (Accumulated Deficit) of $175 million as a result of the Separation, primarily related to the transfer of certain assets and liabilities associated with its Victoria's Secret business to Victoria's Secret & Co., net of the $976 million of cash payments received from Victoria's Secret & Co. Additionally, the Company reclassified out of Accumulated Other Comprehensive Income $8 million of accumulated foreign currency translation adjustments related to the Victoria's Secret business.

In connection with the Separation, the Company entered into several agreements with Victoria's Secret & Co. that govern the relationship of the parties following the spin-off, including the Separation and Distribution Agreement, the Transition Services Agreements, the Tax Matters Agreement, the Employee Matters Agreement and the Domestic Transportation Services Agreement.

Under the terms of the Transition Services Agreements, the Company provides to Victoria's Secret & Co. various services or functions, including human resources, payroll and certain logistics functions. Additionally, Victoria's Secret & Co. provides to the Company various services or functions, including information technology, certain logistics functions, customer marketing and customer call center services. Generally, these services will be performed for a period of up to two years following the Distribution, except for information technology services, which will be provided for a period of up to three years following the Distribution and may be extended for a maximum of two additional one-year periods subject to increased administrative charges. Consideration and costs for the transition services are determined using several billing methodologies as described in the agreements, including customary billing, pass-through billing, percent of sales billing or fixed fee billing. Consideration for transition services provided to Victoria's Secret & Co. are recorded within the 2021 Consolidated Statement of Income based on the nature of the service and as an offset to expenses incurred to provide the services. Costs for transition services provided by Victoria's Secret & Co. are recorded within the 2021 Consolidated Statement of Income based on the nature of the service. During 2021, the Company recognized consideration of $42 million and recognized costs of $55 million pursuant to the Transition Service Agreements.

Under the terms of the Domestic Transportation Services Agreement, the Company provides transportation services for Victoria's Secret & Co. merchandise in the United States and Canada for an initial term of three years following the Distribution, which term will thereafter continuously renew unless and until Victoria's Secret & Co. or the Company elects to terminate the arrangement upon 18 or 36 months' prior written notice, respectively. Consideration for the transportation services is determined using customary billing and fixed billing methodologies, which are described in the agreement, and are subject to an administrative charge. Consideration for logistics services provided to Victoria's Secret & Co. are recorded within Costs of Goods Sold, Buying and Occupancy in the 2021 Consolidated Statement of Income and as an offset to expenses incurred to provide the services. During 2021, the Company recognized consideration of $46 million pursuant to the Domestic Transportation Services Agreement.

In conjunction with the Separation, the Company has contingent obligations relating to certain lease payments under the current terms of noncancelable leases. For additional information, see Note 16, "Commitments and Contingencies."

Financial Information of Discontinued Operations

Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) reflects the after-tax results of the Victoria's Secret business and Separation-related fees, and does not include any allocation of general corporate overhead expense or interest expense of the Company.

The following table summarizes the significant line items included in Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Net Sales	$ 3,194	$ 5,413	$ 7,509
Costs of Goods Sold, Buying and Occupancy	(1,841)	(3,842)	(5,446)
General, Administrative and Store Operating Expenses (a)	(975)	(1,595)	(2,845)
Interest Expense	(2)	(6)	(8)
Other Income (Loss)	(3)	—	1
Income (Loss) from Discontinued Operations Before Income Taxes	373	(30)	(789)
Provision (Benefit) for Income Taxes	115	(9)	37
Income (Loss) from Discontinued Operations, Net of Tax	$ 258	$ (21)	$ (826)

(a) 2021 includes Separation-related expenses of $104 million. Prior to the Separation, these costs were reported in the Other category under the Company's previous segment reporting.

The information presented as discontinued operations on the Consolidated Balance Sheets includes certain assets and liabilities that were transferred to Victoria’s Secret & Co. pursuant to the Separation agreements, and excludes certain liabilities that were retained by the Company in connection with the Separation. There were no assets or liabilities classified as discontinued operations as of January 29, 2022.

The following table summarizes the carrying value of the significant classes of assets and liabilities classified as discontinued operations as of January 30, 2021:

	January 30, 2021
	(in millions)
Cash and Cash Equivalents	$ 335
Accounts Receivable, Net	121
Inventories	701
Other	82
Current Assets of Discontinued Operations	1,239
Property and Equipment, Net	1,078
Operating Lease Assets	1,590
Trade Names	246
Deferred Income Taxes	11
Other Assets	56
Other Assets of Discontinued Operations	$ 2,981
Accounts Payable	$ 338
Accrued Expenses and Other	730
Current Operating Lease Liabilities	421
Income Taxes	9
Current Liabilities of Discontinued Operations	1,498
Deferred Income Taxes	93
Long-term Operating Lease Liabilities	1,553
Other Long-term Liabilities	21
Other Long-term Liabilities of Discontinued Operations	$ 1,667

The cash flows related to discontinued operations have not been segregated, and are included in the Consolidated Statements of Cash Flows for all periods presented. The following table summarizes depreciation and other significant operating non-cash items, capital expenditures and financing activities of discontinued operations for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Depreciation of Long-Lived Assets	$ 158	$ 326	$ 411
Share-based Compensation Expense	15	25	38
Deferred Income Taxes	3	16	(40)
Impairment of Victoria's Secret Goodwill	—	—	720
Victoria's Secret Asset Impairment Charges	—	254	263
Gain from Victoria's Secret Hong Kong Store Closure and Lease Termination	—	(39)	—
Gain Related to Formation of Victoria's Secret U.K. Joint Venture	—	(54)	—
Capital Expenditures	(66)	(127)	(225)
Net Borrowings from (Repayments of) Victoria's Secret Foreign Facilities	—	(155)	5

3. Revenue Recognition

Accounts Receivable, Net from revenue-generating activities were $64 million as of January 29, 2022 and $51 million as of January 30, 2021. Accounts receivable primarily relate to amounts due from the Company's franchise, license and wholesale partners. Under these arrangements, payment terms are typically 45 to 75 days.

The Company records deferred revenue when cash payments are received in advance of transfer of control of goods or services. Deferred revenue primarily relates to gift cards, loyalty points and direct channel shipments, which are all impacted by seasonal and holiday-related sales patterns. Deferred Revenue, which is recorded within Accrued Expenses and Other on the

Consolidated Balance Sheets, was $148 million as of January 29, 2022 and $115 million as of January 30, 2021. The Company recognized $76 million as revenue in 2021 from amounts recorded as deferred revenue at the beginning of the period.

The following table provides a disaggregation of Net Sales for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Stores - U.S. and Canada	$ 5,709	$ 4,207	$ 4,212
Direct - U.S. and Canada	1,890	2,003	958
International (a)	283	224	185
Other (b)	—	—	50
Total Net Sales	$ 7,882	$ 6,434	$ 5,405

(a) Results include royalties associated with franchised store and wholesale sales.

(b) Results for 2019 include wholesale revenues to La Senza, subsequent to the Company's divestiture of the business in 2018.

The Company's net sales outside of the U.S. include sales from Company-operated stores and e-commerce site in Canada, royalty revenue from franchise and license arrangements and wholesale revenues. Certain of these sales are subject to the impact of fluctuations in foreign currency. The Company's net sales outside of the U.S. totaled $626 million in 2021, $471 million in 2020 and $497 million in 2019.

4. Earnings (Loss) Per Share

Earnings (loss) per basic share is computed based on the weighted-average number of common shares. Earnings (loss) per diluted share include the weighted-average effect of dilutive restricted stock and options on the weighted-average shares outstanding.

The following table provides the weighted-average shares utilized for the calculation of basic and diluted earnings (loss) per share for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Common Shares	282	286	284
Treasury Shares	(13)	(8)	(8)
Basic Shares	269	278	276
Effect of Dilutive Restricted Stock and Options	4	3	2
Diluted Shares	273	281	278
Anti-dilutive Options and Awards (a)	1	5	6

(a) These options and awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

5. Restructuring Activities

During the second quarter of 2020, the Company completed a comprehensive review of its home office organizations in order to achieve meaningful reductions in overhead expenses and decentralize significant shared functions and services to support the separation of the Bath & Body Works and Victoria's Secret businesses. Pre-tax severance and related costs associated with these reductions, totaling $30 million, are included in General, Administrative and Store Operating Expenses in the 2020 Consolidated Statement of Income. The remaining liability for unpaid severance and related costs was not significant as of January 29, 2022.

6. Inventories

The following table provides details of inventories as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Finished Goods Merchandise	$ 521	$ 410
Raw Materials and Merchandise Components	188	162
Total Inventories	$ 709	$ 572

7. Long-Lived Assets

The following table provides details of Property and Equipment, Net as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Land and Improvements	$ 89	$ 89
Buildings and Improvements	301	310
Furniture, Fixtures, Software and Equipment	1,408	1,309
Leasehold Improvements	722	689
Construction in Progress	63	15
Total	2,583	2,412
Accumulated Depreciation and Amortization	(1,574)	(1,395)
Property and Equipment, Net	$ 1,009	$ 1,017

Depreciation expense from continuing operations was $205 million in 2021, $195 million in 2020 and $177 million in 2019.

The Company's internationally-based long-lived assets, including operating lease assets, were $116 million as of January 29, 2022 and $113 million as of January 30, 2021.

8. Leases

The following table provides the components of lease cost for operating leases for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Operating Lease Costs	$ 216	$ 223	$ 207
Variable Lease Costs	108	59	52
Short-term Lease Costs	34	29	22
Total Lease Cost	$ 358	$ 311	281

During 2020, rent was not paid, or was only partially paid, for many stores due to the COVID-19 pandemic. The Financial Accounting Standards Board issued guidance in April 2020 which allowed certain COVID-19-related concessions to be recognized as a reduction of lease costs in the period an amendment is executed. As a result, the Company recognized a $21 million reduction to occupancy expenses in the 2020 Consolidated Statement of Income as a result of executed amendments with landlords.

The following table provides future maturities of operating lease liabilities as of January 29, 2022:

Fiscal Year	(in millions)
2022	$ 228
2023	213
2024	203
2025	191
2026	170
Thereafter	382
Total Lease Payments	$ 1,387
Less: Interest	(228)
Present Value of Operating Lease Liabilities	$ 1,159

For leases entered into or reassessed after the adoption of ASC 842, *Leases*, the Company has elected the practical expedient allowed by the standard to account for all fixed consideration in a lease as a single lease component. Therefore, the lease payments used to measure the lease liability for these leases include fixed minimum rentals along with fixed operating costs such as common area maintenance and utilities.

As of January 29, 2022, the Company had additional operating lease commitments that have not yet commenced of $37 million.

The following table provides the weighted average remaining lease term and discount rate for operating leases with lease liabilities as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
Weighted Average Remaining Lease Term (years)	6.9	7.0
Weighted Average Discount Rate	5.4 %	5.8 %

The following table provides supplemental cash flow information related to the Company's operating leases for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Cash paid for Operating Lease Liabilities (a)	$ 245	$ 172	$ 197
Lease Assets obtained as a result of new Lease Liabilities	209	204	199

(a) These payments are included within the Operating Activities section of the Consolidated Statements of Cash Flows.

Finance Leases

The Company leases certain fulfillment equipment under finance leases that expire at various dates through 2029. The Company records finance lease assets, net of accumulated amortization, in Property and Equipment, Net on the Consolidated Balance Sheets. Additionally, the Company records finance lease liabilities in Accrued Expenses and Other and Other Long-term Liabilities on the Consolidated Balance Sheets. Finance lease costs are comprised of the straight-line amortization of the lease asset and the accretion of interest expense under the effective interest method. The Company's finance lease assets and liabilities were not significant for any period presented.

9. Intangible Assets

Goodwill

The Company's goodwill was $628 million as of January 29, 2022 and January 30, 2021.

The Company performed its qualitative goodwill impairment assessments as of January 29, 2022 and January 30, 2021 and determined that the fair value was greater than the carrying value (including goodwill) as of both dates.

Trade Name

The Company's trade name was $165 million as of January 29, 2022 and January 30, 2021.

The Company performed its impairment assessments of the trade name as of January 29, 2022 and January 30, 2021, utilizing the relief from royalty method under the income approach, and determined that its fair value was greater than its carrying value as of both dates.

10. Equity Investments

Easton

The Company has land and other investments in Easton, a planned community in Columbus, Ohio, that integrates office, hotel, retail, residential and recreational space. These investments, totaling $126 million as of January 29, 2022 and $119 million as of January 30, 2021, are recorded in Other Assets on the Consolidated Balance Sheets.

Included in the Company's Easton investments are equity interests in Easton Town Center, LLC ("ETC") and Easton Gateway, LLC ("EG"), entities that own and develop commercial entertainment and shopping centers. The Company's investments in ETC and EG are accounted for using the equity method of accounting. The Company has a majority financial interest in ETC and EG, but another unaffiliated member manages them, and certain significant decisions regarding ETC and EG require the consent of unaffiliated members in addition to the Company.

11. Accrued Expenses and Other

The following table provides additional information about the composition of Accrued Expenses and Other as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Deferred Revenue, Principally from Gift Card Sales	$ 148	$ 115
Compensation, Payroll Taxes and Benefits	142	181
Supplemental Retirement Plan	—	100
Interest	75	94
Taxes, Other than Income	39	53
Rent	47	25
Accrued Claims on Self-insured Activities	38	39
Other	162	120
Total Accrued Expenses and Other	$ 651	$ 727

12. Income Taxes

Current income tax expense represents the amounts expected to be reported on the Company's income tax returns, and deferred tax expense or benefit represents the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

The following table provides the components of the Company's provision for income taxes for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Current:			
U.S. Federal	$ 249	$ 178	$ 116
U.S. State	53	52	16
Non-U.S.	4	10	5
Total	306	240	137
Deferred:			
U.S. Federal	24	6	11
U.S. State	10	5	4
Non-U.S.	8	6	(4)
Total	42	17	11
Provision for Income Taxes	$ 348	$ 257	$ 148

The non-U.S. component of pre-tax income, arising principally from overseas operations, was income of $110 million, $67 million and $29 million for 2021, 2020 and 2019, respectively.

The following table provides the reconciliation between the statutory federal income tax rate and the effective tax rate for 2021, 2020 and 2019:

	2021	2020	2019
Federal Income Tax Rate	21.0%	21.0%	21.0%
State Income Taxes, Net of Federal Income Tax Effect	4.2%	4.9%	5.0%
Impact of Non-U.S. Operations	0.1%	0.5%	(0.2%)
Share-based Compensation	(0.7%)	0.7%	1.3%
Uncertain Tax Positions	(0.5%)	(4.9%)	(3.7%)
Other Items, Net	0.4%	0.7%	0.9%
Effective Tax Rate	24.5%	22.9%	24.3%

Deferred Taxes

The following table provides the effect of temporary differences that cause deferred income taxes as of January 29, 2022 and January 30, 2021. Deferred tax assets and liabilities represent the future effects on income taxes resulting from temporary differences and carryforwards at the end of the respective year.

	January 29, 2022			January 30, 2021		
	Assets	Liabilities	Total	Assets	Liabilities	Total
			(in millions)			
Loss Carryforwards	$ 405	$ —	$ 405	$ 403	$ —	$ 403
Non-qualified Retirement Plan	—	—	—	22	(2)	20
Leases	264	(251)	13	259	(247)	12
Share-based Compensation	8	—	8	17	—	17
Property and Equipment	—	(105)	(105)	4	(122)	(118)
Trade Names	—	(38)	(38)	—	(38)	(38)
Other Assets	—	(62)	(62)	—	(60)	(60)
Other, Net	46	(16)	30	45	(14)	31
Valuation Allowance	(363)	—	(363)	(350)	—	(350)
Total Deferred Income Taxes	$ 360	$ (472)	$ (112)	$ 400	$ (483)	$ (83)

As of January 29, 2022, the Company had loss carryforwards of $405 million, of which $248 million has an indefinite carryforward. The remainder of the U.S. and non-U.S. carryforwards, if unused, will expire at various dates from 2022 through 2040 and 2029 through 2041, respectively. For certain jurisdictions where the Company has determined that it is more likely than not that the loss carryforwards will not be realized, a valuation allowance has been provided on those loss carryforwards as well as other net deferred tax assets.

Income tax payments were $487 million for 2021, $200 million for 2020 and $228 million for 2019.

On August 2, 2021, the Company and Victoria's Secret & Co. entered into a Tax Matters Agreement ("TMA"). Under the TMA, the Company will generally be responsible for all U.S. federal, state, local and non-U.S. income taxes of Victoria's Secret & Co. for any taxable period or portion of such period ending on or before the Distribution Date.

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 2021, 2020 and 2019, without interest and penalties:

	2021	2020	2019
		(in millions)	
Gross Unrecognized Tax Benefits, as of the Beginning of the Fiscal Year	$ 152	$ 88	$ 114
Increases to Unrecognized Tax Benefits for Prior Years	5	7	15
Decreases to Unrecognized Tax Benefits for Prior Years	(12)	(50)	(22)
Increases to Unrecognized Tax Benefits as a Result of Current Year Activity	21	113	3
Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	(3)	—	(16)
Decreases to Unrecognized Tax Benefits as a Result of a Lapse of the Applicable Statute of Limitations	(16)	(6)	(6)
Gross Unrecognized Tax Benefits, as of the End of the Fiscal Year	$ 147	$ 152	$ 88

Of the total gross unrecognized tax benefits, approximately $132 million, $142 million and $81 million, at January 29, 2022, January 30, 2021, and February 1, 2020, respectively, represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. These amounts are net of the offsetting tax effects from other tax jurisdictions.

Of the total unrecognized tax benefits, it is reasonably possible that $104 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 an income tax benefit from interest and penalties of approximately $2 million, $3 million and $1 million in 2021, 2020 and 2019, respectively. The Company has accrued $8 million and $10 million for the payment of interest and penalties as of January 29, 2022 and January 30, 2021, 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. The Company is a participant in the Compliance Assurance Process ("CAP"), which is a program made available by the Internal Revenue Service ("IRS") to certain qualifying large taxpayers, under which participants work collaboratively with the IRS to identify and resolve potential tax issues through open, cooperative and transparent interaction prior to the annual filing of their federal income tax returns. The IRS is currently examining the Company's 2020 and 2021 consolidated U.S. federal income tax returns.

The Company is also subject to various state and local income tax examinations for the years 2015 to 2020. Finally, the Company is subject to multiple non-U.S. tax jurisdiction examinations for the years 2009 to 2020. 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.

13. Long-term Debt and Borrowing Facilities

The following table provides the Company's outstanding debt balance, net of unamortized debt issuance costs and discounts, as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Senior Secured Debt with Subsidiary Guarantee		
$750 million, 6.875% Fixed Interest Rate Secured Notes due July 2025 ("2025 Secured Notes")	$ —	$ 740
Senior Debt with Subsidiary Guarantee		
$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 ("2022 Notes")	—	284
$500 million, 5.625% Fixed Interest Rate Notes due October 2023 ("2023 Notes")	—	319
$320 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	316	493
$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	281	278
$500 million, 5.25% Fixed Interest Rate Notes due February 2028 ("2028 Notes")	497	497
$500 million, 7.50% Fixed Interest Rate Notes due June 2029 ("2029 Notes")	489	488
$1 billion, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")	990	988
$1 billion, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")	992	991
$700 million, 6.75% Fixed Interest Rate Notes due July 2036 ("2036 Notes")	694	694
Total Senior Debt with Subsidiary Guarantee	$ 4,259	$ 5,032
Senior Debt		
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")	$ 349	$ 348
$247 million, 7.60% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	246	246
Total Senior Debt	$ 595	$ 594
Total Long-term Debt	$ 4,854	$ 6,366

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

Fiscal Year (in millions)	
2022	$ —
2023	—
2024	—
2025	320
2026	297
Thereafter	4,298

Cash paid for interest was $354 million in 2021, $415 million in 2020 and $357 million in 2019.

Issuance of Notes

In September 2020, the Company issued $1 billion of 6.625% senior notes due October 2030. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by the Company and certain of the Company's 100% owned subsidiaries. The proceeds from the issuance were $988 million, which were net of issuance costs of $12 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

In June 2020, the Company issued $750 million of 6.875% senior secured notes due July 2025. The obligation to pay principal and interest on these notes was jointly and severally guaranteed on a full and unconditional basis by the Company and certain of the Company's 100% owned subsidiaries. The proceeds from the issuance were $738 million, which were net of issuance costs of $12 million.

In June 2020, the Company also issued $500 million of 9.375% senior notes due in July 2025. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by the Company and certain of the Company's 100% owned subsidiaries. The proceeds from the issuance were $492 million, which were net of issuance costs of $8 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

Repurchases of Notes

In September 2021, the Company completed tender offers to purchase $270 million of its outstanding 2023 Notes and $180 million of its outstanding 2025 Notes for an aggregate purchase price of $532 million. Additionally, in October 2021, the Company redeemed the remaining $50 million of its outstanding 2023 Notes for $54 million. The Company recognized a pre-tax loss related to this extinguishment of debt of $89 million (after-tax loss of $68 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In April 2021, the Company redeemed the remaining $285 million of its outstanding 2022 Notes and the $750 million of its outstanding 2025 Secured Notes. The Company recognized a pre-tax loss related to this extinguishment of debt of $105 million (after-tax loss of $80 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In October 2020, the Company completed tender offers to purchase $576 million of its outstanding 2022 Notes, $180 million of its outstanding 2023 Notes and $53 million of its outstanding 2037 Notes for $844 million. The Company used the proceeds from the 2030 Notes to fund the purchase price of the tender offers. Additionally, utilizing cash on hand, the Company redeemed the remaining $450 million of its outstanding 2021 Notes for $463 million. The Company recognized a pre-tax loss related to this extinguishment of debt of $53 million (after-tax loss of $40 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2020 Consolidated Statement of Income.

In June 2019, the Company completed tender offers to purchase $212 million of its outstanding 2020 Notes, $330 million of its outstanding 2021 Notes and $96 million of its outstanding 2022 Notes for $669 million. The Company used the proceeds from the 2029 Notes, together with cash on hand, to fund the purchase price for the tender offers. Additionally, in July 2019, the Company redeemed the remaining $126 million of its outstanding 2020 Notes for $130 million. The Company recognized a pre-tax loss on this extinguishment of debt of $40 million (after-tax loss of $30 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2019 Consolidated Statement of Loss.

Asset-backed Revolving Credit Facility

The Company and certain of the Company's 100% owned subsidiaries guarantee and pledge collateral to secure a revolving credit facility (the "Credit Agreement"). During the first quarter of 2020, in an abundance of caution and as a proactive measure in response to the COVID-19 pandemic, the Company elected to borrow $950 million from the Credit Agreement. In April 2020, the Company entered into an amendment and restatement of the Credit Agreement to convert the Company's credit facility into an asset-backed revolving credit facility (the "ABL Facility"), which allows borrowings and letters of credit in U.S. dollars or Canadian dollars. The $950 million borrowing was repaid during the first quarter of 2020 upon completion of the April amendment.

In August 2021, the Company entered into an amendment and restatement (the "Amendment") of the Credit Agreement. The Amendment reduced the aggregate commitments under the ABL Facility to $750 million, reduced the interest rates on outstanding borrowings by 50 basis points, removed the requirement to prepay outstanding amounts under the ABL Facility should the Company's consolidated cash balance exceed $350 million, extended the expiration date from August 2024 to August 2026 and released Victoria's Secret & Co. subsidiaries as guarantors, among other things.

Availability under the ABL Facility is the lesser of (i) the borrowing base, determined primarily based on the Company's eligible U.S. and Canadian credit card receivables, accounts receivable, inventory and eligible real property, or (ii) the aggregate commitment. If at any time, the outstanding amount under the ABL Facility exceeds the lesser of (i) the borrowing base and (ii) the aggregate commitment, the Company is required to repay the outstanding amounts under the ABL Facility to the extent of such excess. As of January 29, 2022, the Company's borrowing base was $495 million and it had no borrowings outstanding under the ABL Facility.

The ABL Facility supports the Company's letter of credit program. The Company had $16 million of outstanding letters of credit as of January 29, 2022 that reduced its availability under the ABL Facility. As of January 29, 2022, the Company's availability under the ABL Facility was $479 million.

As of January 29, 2022, the ABL Facility fees related to committed and unutilized amounts were 0.25% per annum, and the fees related to outstanding letters of credit were 1.25% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings was London Interbank Offered Rate plus 1.25% per annum. The interest rate on outstanding Canadian dollar-denominated borrowings was Canadian Dollar Offered Rate plus 1.25% per annum.

The ABL Facility requires the Company to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00 during an event of default or any period commencing on any day when specified excess availability is less than the greater of (1) $70 million or (2) 10% of the maximum borrowing amount. As of January 29, 2022, the Company was not required to maintain this ratio.

14. Fair Value Measurements

Cash and Cash Equivalents include cash on hand, deposits with financial institutions and highly liquid investments with original maturities of less than 90 days. The Company's Cash and Cash Equivalents are considered Level 1 fair value measurements as they are valued using unadjusted quoted prices in active markets for identical assets.

The following table provides a summary of the principal value and estimated fair value of outstanding publicly traded debt as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Principal Value	$ 4,915	$ 6,449
Fair Value, Estimated (a)	5,493	7,243

(a) The estimated fair value is based on reported transaction prices which are considered Level 2 inputs in accordance with ASC 820. The estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Management believes that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

15. Accumulated Other Comprehensive Income

Accumulated Other Comprehensive Income includes gains and losses on foreign currency translation and on foreign currency forward contracts designated as cash flow hedges. The cumulative gains and losses on these items are included in Accumulated Other Comprehensive Income on the Consolidated Balance Sheets and Consolidated Statements of Shareholders' Equity (Deficit).

The following table provides the rollforward of accumulated other comprehensive income for 2021:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
		(in millions)	
Balance as of January 30, 2021	$ 85	$ (2)	$ 83
Other Comprehensive Income Before Reclassifications	2	1	3
Amounts Reclassified from Accumulated Other Comprehensive Income	—	3	3
Tax Effect	—	(1)	(1)
Current-period Other Comprehensive Income	2	3	5
Victoria's Secret Spin-Off	(8)	—	(8)
Balance as of January 29, 2022	$ 79	$ 1	$ 80

The following table provides the rollforward of accumulated other comprehensive income for 2020:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
		(in millions)	
Balance as of February 1, 2020	$ 52	$ —	$ 52
Other Comprehensive Loss Before Reclassifications	(3)	(2)	(5)
Amounts Reclassified from Accumulated Other Comprehensive Income	36	—	36
Tax Effect	—	—	—
Current-period Other Comprehensive Income (Loss)	33	(2)	31
Balance as of January 30, 2021	$ 85	$ (2)	$ 83

In 2020, the Victoria's Secret U.K. business was transitioned from a wholly-owned model to a joint venture business model. This transition represented a substantially complete liquidation of the investment in the U.K. Accordingly, $36 million of accumulated foreign-currency translation adjustments were reclassified out of Accumulated Other Comprehensive Income and into earnings. This amount is presented within Income (Loss) from Discontinued Operations, Net of Tax in the 2020 Consolidated Statement of Income.

16. Commitments and Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes, insurance, regulatory and other matters arising out of the normal course of business. Actions filed against the Company from time to time include commercial, tort, intellectual property, customer, employment, data privacy, securities and other claims, including purported class action lawsuits. Management believes that the ultimate liability arising from such claims and contingencies, if any, is not likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

On May 19, 2020 and January 12, 2021, certain of the Company's stockholders filed derivative lawsuits in the Court of Common Pleas for Franklin County, Ohio (subsequently removed to the United States District Court for the Southern District of Ohio) and the Delaware Court of Chancery, respectively, naming as defendants certain current and former directors and officers of the Company and alleging, among other things, breaches of fiduciary duty through asserted violations of law and failures to monitor workplace conduct (the "Lawsuits"). In addition, the Company also received litigation and books-and-records demands from certain other stockholders related to the same matters (together with the Lawsuits, the "Actions").

In July 2021, the Company announced the global settlement resolving the Actions. The settlement resolves all derivative claims that have been or could have been asserted in the Actions or that involve in any way the allegations referred to in the Actions and releases all such claims against the Company and its past and present employees, officers and directors, among others. As part of the settlement, the Company has agreed to implement certain management and governance measures, including the maintenance of a Diversity, Equity, and Inclusion Council. Following the August 2, 2021 spin-off of Victoria's Secret & Co., the settlement terms will apply to both the Company and Victoria's Secret & Co. Each company has committed to invest $45 million over at least five years to fund the management and governance measures. The settlement is subject to approval of the United States District Court of the Southern District of Ohio.

Lease Guarantees

In connection with the spin-off of Victoria's Secret & Co., the Company has remaining contingent obligations of approximately $265 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. In addition, in connection with the sale of La Senza in the fourth quarter of 2018, the Company has remaining contingent obligations of approximately $25 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases expiring at various dates through 2028. These obligations 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 these businesses. The Company's reserves related to these obligations were not significant as of January 29, 2022.

17. Retirement Benefits

The Company sponsors a tax-qualified defined contribution retirement plan for substantially all of its associates within the U.S. Participation is available to associates who meet certain age and service 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 $38 million for 2021, $37 million for 2020 and $36 million for 2019.

The Company previously sponsored a non-qualified supplemental retirement plan. The non-qualified plan was an unfunded plan, which provided benefits beyond the Internal Revenue Code limits for qualified defined contribution plans. On June 27, 2020, the Human Capital and Compensation Committee of the Board authorized the termination of the non-qualified plan, after which time only certain contributions were permitted to be made based on eligible earnings prior to the termination date. In July 2021, the Company made payments of $143 million in the aggregate for the final settlement of all its obligations and benefits payable under the non-qualified plan. Total expense recognized related to the non-qualified plan was not significant for any period presented.

18. Shareholders' Equity (Deficit)

Common Stock Share Repurchases

In March 2021, the Company's Board authorized a $500 million share repurchase plan (the "March 2021 Plan"), which replaced the $79 million remaining under a March 2018 repurchase program. Pursuant to the Board's authorization, the Company entered into a Rule 10b5-1 purchase plan to effectuate share repurchases for the first $250 million. In May 2021, the Company initiated a second $250 million Rule 10b5-1 purchase plan to effectuate the remaining share repurchases under the March 2021 Plan

In July 2021, the Company's Board authorized a new $1.5 billion share repurchase program (the "July 2021 Program"), which replaced the $36 million remaining under the March 2021 Plan. Under the authorization of this program, in July 2021 the Company entered into a stock repurchase agreement with its former Chief Executive Officer ("CEO") and certain of his affiliated entities pursuant to which the Company repurchased 10 million shares of its common stock for an aggregate purchase price of $730 million.

The Company did not repurchase any shares of its common stock in 2019 or 2020. The Company repurchased the following shares of its common stock during 2021:

Repurchase Program	Amount Authorized (in millions)	Shares Repurchased (in thousands)	Amount Repurchased (in millions)	Average Stock Price
March 2021 (a)	$ 500	6,996	$ 464	$ 66.30
July 2021 (a)	1,500	10,000	730	73.01
July 2021 (b)		11,234	770	68.53

(a) Reflects repurchases of L Brands, Inc. common stock prior to the August 2, 2021 spin-off of Victoria's Secret & Co.

(b) Reflects repurchases of Bath & Body Works, Inc. common stock subsequent to the August 2, 2021 spin-off of Victoria's Secret & Co.

On February 2, 2022, the Company announced that its Board authorized a new $1.5 billion share repurchase program (the "February 2022 Program"). Also on February 2, 2022, as part of the February 2022 Program, the Company entered into an accelerated share repurchase transaction ("ASR") under which it will repurchase $1 billion of its outstanding common stock. For additional information, see Note 21, "Subsequent Events."

Additionally, subsequent to January 29, 2022, the Company repurchased an additional 1.9 million shares of its common stock for $92 million under the February 2022 Program.

Common Stock Retirement

In accordance with the Company's Board of Directors' resolution, shares of common stock repurchased under the July 2021 Program were to be retired and cancelled upon repurchase. As a result, the Company retired the 21 million shares repurchased under the July 2021 Program during 2021, which resulted in reductions of $11 million in the par value of Common Stock, $69 million in Paid-in Capital and $1.420 billion in Retained Earnings (Accumulated Deficit).

Dividends

The Board suspended the quarterly cash dividend beginning in the second quarter of 2020 as a proactive measure to strengthen the Company's financial flexibility and manage through the COVID-19 pandemic. In March 2021, the Company's Board reinstated the annual dividend at $0.60 per share, beginning with the quarterly dividend paid in June 2021.

Under the authority and declaration of the Board, the Company paid the following dividends during 2021, 2020 and 2019:

	Ordinary Dividends (per share)	Total Paid (in millions)
2021		
First Quarter	$ —	$ —
Second Quarter	0.15	42
Third Quarter	0.15	39
Fourth Quarter	0.15	39
2021 Total	$ 0.45	$ 120
2020		
First Quarter	$ 0.30	$ 83
Second Quarter	—	—
Third Quarter	—	—
Fourth Quarter	—	—
2020 Total	$ 0.30	$ 83
2019		
First Quarter	$ 0.30	$ 83
Second Quarter	0.30	83
Third Quarter	0.30	83
Fourth Quarter	0.30	83
2019 Total	$ 1.20	$ 332

In February 2022, the Company's Board increased the annual dividend to $0.80 per share and declared the quarterly dividend of $0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

19. Share-based Compensation

Plan Summary

In 2020, the Company's stockholders approved the 2020 Stock Option and Performance Incentive Plan ("2020 Plan"). The 2020 Plan replaced the 2015 Stock Option and Performance Incentive Plan (together with the 2020 Plan, the "Plans"). The Plans provide for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units, restricted stock, performance share 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 and restricted stock units generally vest over three-to-five-years. Performance share units generally cliff vest at the end of a three-year performance period based upon the Company's achievement of pre-established goals over the performance period.

Under the Plans, 206 million options, restricted and unrestricted shares have been authorized to be granted to associates and directors. There were 13 million shares of common stock available for future issuance under the Plans as of January 29, 2022. In connection with the Separation, the maximum number of shares available for future issuance under the 2020 Plan and underlying outstanding awards under the Plans was equitably adjusted to prevent the dilution or enlargement of rights according to the terms of the Plans.

Income Statement Impact

The following table provides share-based compensation expense included in the Consolidated Statements of Income (Loss) for 2021, 2020 and 2019:

	2021	2020	2019
		(in millions)	
Costs of Goods Sold, Buying and Occupancy	$ 10	$ 9	$ 14
General, Administrative and Store Operating Expenses	21	16	35
Total Share-based Compensation Expense	$ 31	$ 25	$ 49

The tax benefit associated with recognized share-based compensation expense was $10 million for 2021. The Company recognized incremental tax expense associated with share-based compensation of $8 million for 2020 and 2019.

Form 10-K

As of January 29, 2022, there was $37 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted stock and performance share units. This cost is expected to be recognized over a weighted-average period of 1.7 years.

As of January 29, 2022, there was $3 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 2.1 years.

Victoria's Secret & Co. Spin-Off

In connection with Separation, the Company adjusted its outstanding share-based awards in accordance with the terms of the Employee Matters Agreement entered into at the time of the Separation. Adjustments to the underlying shares and terms of outstanding restricted stock units, performance share units and stock options were made to preserve the intrinsic value of the awards immediately before and after the Separation. The adjustment of the underlying shares and exercise prices, as applicable, was determined using a ratio based on the relative values of the Company's pre-Distribution stock price and the Company's post-Distribution stock price. Following the Separation, the adjusted outstanding awards continue to vest over their original vesting schedules. The Company did not recognize any incremental compensation cost related to the adjustment of outstanding awards. The disclosures reported below within this Note 19 have not been segregated between continuing and discontinued operations.

Restricted Stock Units and Performance Share Units

The following table provides the Company's restricted stock unit and performance share unit activity on a combined basis for the fiscal year ended January 29, 2022:

	Number of Shares	Weighted Average Grant Date Fair Value (a)
	(in thousands)	
Unvested as of January 30, 2021	6,647	$ 25.68
Converted to Victoria's Secret & Co. Shares	(2,537)	35.19
Spin-Off Related Adjustment	807	—
Granted	1,537	52.91
Vested	(2,185)	37.21
Cancelled	(170)	33.46
Unvested as of January 29, 2022	4,099	$ 22.92

(a) The weighted average grant date fair value for activity subsequent to the Separation, including the unvested balance as of January 29, 2022, reflects the adjustment to preserve the intrinsic value of the awards immediately before and after the Separation.

The fair value of restricted stock unit and performance share unit awards is generally based on the market value of the Company's common stock on the grant date adjusted for anticipated dividend yields. The weighted-average estimated fair value of awards granted was $52.91 per share for 2021, $17.05 per share for 2020 and $23.34 per share for 2019.

The Company's total intrinsic value of awards that vested was $137 million for 2021, $33 million for 2020 and $39 million for 2019. The Company's total fair value at grant date of awards that vested was $75 million for 2021, $89 million for 2020 and $104 million for 2019.

Tax benefits realized from tax deductions associated with awards that vested were $36 million for 2021, $8 million for 2020 and $10 million for 2019.

Stock Options

The fair value of stock options granted is determined using the Black-Scholes option-pricing model. The 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 provides the Company’s stock option activity for the fiscal year ended January 29, 2022:

	Number of Shares
	(in thousands)
Outstanding as of January 30, 2021	4,163
Converted to Victoria's Secret & Co. Shares	(1,042)
Spin-Off Related Adjustment	288
Granted	228
Exercised	(1,900)
Cancelled	(624)
Outstanding as of January 29, 2022	1,113
Options Exercisable as of January 29, 2022	859

Intrinsic value for stock options is the difference between the current market value of the Company’s common stock and the option strike price. The total intrinsic value of options exercised was $39 million for 2021. Tax benefits realized from tax deductions associated with stock options exercised was $8 million for 2021. As of January 29, 2022, there were 1.1 million shares of common stock subject to outstanding stock options, the majority of which were fully vested, with a total intrinsic value of $15 million.

20. Quarterly Financial Data (Unaudited)

The following table provides summarized quarterly financial data for 2021:

	Fiscal Quarter Ended			
	May 1, 2021 (a)	July 31, 2021	October 30, 2021 (b)	January 29, 2022 (c)
	(in millions except per share data)			
Net Sales	$ 1,470	$ 1,704	$ 1,681	$ 3,027
Gross Profit	742	828	839	1,446
Operating Income	337	384	409	879
Income from Continuing Operations Before Income Taxes	119	287	227	790
Net Income from Continuing Operations	91	215	177	592
Income (Loss) from Discontinued Operations, Net of Tax	186	159	(89)	2
Net Income	$ 277	$ 374	$ 88	$ 594
Net Income (Loss) per Basic Share (d)				
Continuing Operations	$ 0.32	$ 0.78	$ 0.67	$ 2.31
Discontinued Operations	0.67	0.58	(0.34)	0.01
Total Net Income per Basic Share	$ 0.99	$ 1.36	$ 0.33	$ 2.31
Net Income (Loss) per Diluted Share (d)				
Continuing Operations	$ 0.32	$ 0.77	$ 0.66	$ 2.27
Discontinued Operations	0.66	0.57	(0.33)	0.01
Total Net Income per Diluted Share	$ 0.97	$ 1.34	$ 0.33	$ 2.28

(a) Net Income from Continuing Operations includes the effect of a $105 million pre-tax loss ($80 million after-tax) associated with the early extinguishment of outstanding notes.

(b) Net Income from Continuing Operations includes the effect of an $89 million pre-tax loss ($68 million after-tax) associated with the early extinguishment of outstanding notes.

(c) Operating Income includes the effect of pre-tax loss related to the write-off of inventory that was destroyed by a tornado at a vendor’s factory of $9 million ($7 million after-tax).

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

The following table provides summarized quarterly financial data for 2020:

	Fiscal Quarter Ended			
	May 2, 2020 (a)	August 1, 2020 (b)	October 31, 2020 (c)	January 30, 2021
	(in millions except per share data)			
Net Sales	$ 760	$ 1,253	$ 1,702	$ 2,719
Gross Profit	268	559	863	1,407
Operating Income	36	263	436	870
Income (Loss) from Continuing Operations Before Income Taxes	(54)	160	265	751
Net Income (Loss) from Continuing Operations	—	112	196	557
Net Income (Loss) from Discontinued Operations, Net of Tax	(297)	(161)	135	302
Net Income (Loss)	$ (297)	$ (49)	$ 331	$ 859
Net Income (Loss) per Basic Share (d)				
Continuing Operations	$ —	$ 0.40	$ 0.70	$ 2.00
Discontinued Operations	(1.07)	(0.58)	0.48	1.09
Total Net Income (Loss) per Basic Share	$ (1.07)	$ (0.18)	$ 1.19	$ 3.08
Net Income (Loss) per Diluted Share (d)(e)				
Continuing Operations	$ —	$ 0.40	$ 0.69	$ 1.96
Discontinued Operations	(1.07)	(0.58)	0.48	1.07
Total Net Income (Loss) per Diluted Share	$ (1.07)	$ (0.18)	$ 1.17	$ 3.03

(a) Net Income (Loss) from Continuing Operations includes the effect of a $50 million income tax benefit related to the resolution of certain tax matters.

(b) Operating Income includes the effect of pre-tax severance and related charges of $30 million ($24 million after-tax).

(c) Net Income from Continuing Operations includes the effect of a $53 million pre-tax loss ($40 million after-tax) associated with the early extinguishment of outstanding notes.

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

(e) The cumulative total of quarterly net income (loss) per diluted share amounts does not equal the net income (loss) per diluted share for the year due to the net loss from continuing operations in the first quarter.

21. Subsequent Events

New Share Repurchase Program and Accelerated Share Repurchase Program

On February 2, 2022, the Company announced that its Board authorized a new $1.5 billion share repurchase program. Also on February 2, 2022, as part of the February 2022 Program, the Company entered into an ASR under which the Company will repurchase $1 billion of its own outstanding common stock. On February 4, 2022, the Company delivered $1 billion to the ASR bank, and the bank delivered approximately 14 million shares of common stock to the Company (the "Initial Shares"). Pursuant to the terms of the ASR, the Initial Shares represented 80% of the number of shares determined by dividing the $1 billion Company payment by the closing price of its common stock on February 2, 2022. The aggregate number of shares of common stock to be delivered under the ASR will be based generally upon a discount to the Rule 10b-18 volume-weighted average price at which the shares of common stock trade during the regular trading sessions on the NYSE during the term of repurchase period.

At final settlement, the ASR bank may be obligated to deliver additional shares of common stock to the Company or the Company may be obligated to make delivery of shares of common stock or a cash payment to the ASR bank, at the Company's option. The Company expects final settlement of the share repurchases under the ASR to occur during the second quarter of 2022.

Additional Share Repurchases

Subsequent to January 29, 2022, the Company repurchased an additional 1.9 million shares of its common stock for $92 million under the February 2022 Program.

Annual Dividend

In February 2022, the Company's Board increased the annual dividend to $0.80 per share and declared the quarterly dividend of $0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

CEO Transition

On February 23, 2022, the Company announced that Andrew M. Meslow will step down as CEO and as a member of the Board due to health reasons, effective May 12, 2022. Sarah E. Nash, Chair of the Board, was appointed Executive Chair on February 22, 2022, and will assume the role of Interim CEO upon Mr. Meslow's departure. The Board is in the process of retaining a national search firm to assist in identifying a permanent CEO.

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 29, 2022 is set forth in Item 8. Financial Statements and Supplementary Data.

Attestation Report of the Registered Public Accounting Firm. The Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting as of January 29, 2022 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 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our directors and corporate governance is set forth under the captions "ELECTION OF DIRECTORS—Director Succession", "—Corporate Governance Highlights" "—Director Experience, Qualifications, Attributes and Skills", "—Nominees", "—Leadership Updates," "—Director Independence", "—Board Leadership Structure; Risk Oversight; Certain Compensation Matters ", "—Oversight of Cybersecurity Risk", "—Review of Strategic Plans and Capital Structure", "—Oversight of Environmental and Social Matters", "—Human Capital Management", "—Succession Planning", "—Information Concerning Board Meeting Attendance", "—Committees of the Board", "—Meetings of the Company's Non-Management Directors", "—Communications with Stockholders", "—Attendance at Annual Meetings", "—Code of Conduct, Related Person Transaction Policy and Associated Matters", "—Copies of the Company's Code of Conduct, Corporate Governance Principles, 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 "DELINQUENT SECTION 16(A) REPORTS" 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.

The Company has a written Code of Conduct that applies to the Company's Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial and Accounting Officer) and others. The Code of Conduct is available on the Company's website at *www.bbwinc.com* (accessible by clicking on the "Investors" link on the main page followed by the "Corporate Governance" and "Governance Materials" link), and a printed copy will be delivered free of charge on request by writing to the Secretary of the Company at Three Limited Parkway, Columbus, OH 43230, c/o Chief Legal Officer and Secretary. Any amendments to, or waivers from, a provision of the Company's Code of Conduct that applies to the Company's Principal Executive Officer and Principal Financial and Accounting Officer and that relates to any element of the code of ethics enumerated in paragraph (b) of Item 406 of Regulation S-K shall be disclosed by posting such information on the Company's website at *www.bbwinc.com*.

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.

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 "—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 Bath & Body Works, 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 (Loss) for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020

Consolidated Statements of Comprehensive Income (Loss) for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020

Consolidated Balance Sheets as of January 29, 2022 and January 30, 2021

Consolidated Statements of Total Equity (Deficit) for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020

Consolidated Statements of Cash Flows for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020

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 Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated May 20, 2020), as amended by the Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated August 3, 2021).

3.2 Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated January 28, 2022).

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) filed on 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"). (P)

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. (P)

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) filed on 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 on 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 4.1.3 to the Company's Registration Statement on Form S-3 (Reg. No. 333-146420) filed on October 1, 2007.
4.7	Form of Fifth Supplemental Indenture dated as of March 25, 2011 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.6 to the post-effective amendment to the Company's Registration Statement on Form S-3 (Reg. No. 333-170406) filed on March 22, 2011.
4.8	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.
4.9	Seventh Supplemental Indenture dated as of March 22, 2013 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.8 to the Company's Registration Statement on Form S-3 (Reg. No. 333-191968) filed on October 29, 2013.
4.10	Eighth Supplemental Indenture dated as of October 16, 2013 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.9 to the Company's Registration Statement on Form S-3 (Reg. No. 333-191968) filed on October 29, 2013.
4.11	Ninth Supplemental Indenture dated as of January 30, 2015 among the Company, the guarantors named therein, and The Bank of New York Mellon Trust Company, as Trustee, 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.
4.12	Indenture dated as of October 30, 2015 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 November 3, 2015.
4.13	Indenture, dated as of June 16, 2016, between the Company and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated June 16, 2016.
4.14	First Supplemental Indenture dated as of June 16, 2016 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 16, 2016.
4.15	Second Supplemental Indenture dated as of January 23, 2018 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated January 23, 2018.
4.16	Indenture dated as of June 18, 2018 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.25 to the Company's Form S-4 (Reg. No. 333-227288) filed on September 11, 2018.
4.17	Supplemental Indenture No. 1 dated as of June 29, 2018 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.26 to the Company's Form S-4 (Reg. No. 333-227288) filed on September 11, 2018.
4.18	Third Supplemental Indenture dated June 20, 2019 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 24, 2019.
4.19	Fourth Supplemental Indenture dated as of June 30, 2019 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 3, 2019.
4.20	Tenth Supplemental Indenture dated as of June 30, 2019 by and 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 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 3, 2019.
4.21	Indenture dated as of June 18, 2020 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee and collateral agent, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated June 18, 2020.
4.22	Indenture dated as of June 18, 2020 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated June 18, 2020.

4.23	Indenture dated September 30, 2020 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.1 to the Company’s Form 8-K dated September 30, 2020.
4.24	Eleventh Supplemental Indenture dated October 16, 2020 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 October 19, 2020.
4.25	Description of the Registrant's Securities.
4.26	Twelfth Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.
4.27	First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.
4.28	First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.
4.29	Fifth Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.30	Second Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.31	First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.32	First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.33	First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.34	Second Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.35	Second Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.36	Second Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.
4.37	Thirteenth Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.
10.	Material Contracts.
10.1	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.**
10.2	Employment Agreement effective as of April 9, 2007 between the Company and Stuart Burgdoerfer incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K dated April 11, 2007.**
10.3	Employment Agreement Amendment effective September 5, 2008 between the Company and Stuart Burgdoerfer incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 2, 2008.**
10.4	2011 Stock Option and Performance Incentive Plan 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.**
10.5	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.**
10.6	2015 Stock Option and Performance Incentive Plan, incorporated by reference to Exhibit 99.1 to the Company’s Registration Statement on Form S-8 (Reg. No. 333-206787) dated September 4, 2015.**
10.7	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.**

10.8	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.**
10.9	2015 Cash Incentive Compensation Performance Plan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated May 26, 2015.**
10.10	2020 Stock Option and Performance Incentive Plan incorporated by reference to Appendix C to the Company's Proxy Statement dated April 2, 2020.**
10.11	2020 Stock Option and Performance Incentive Plan Restricted Share Unit Award Agreement, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 2021.**
10.12	2020 Stock Option and Performance Incentive Plan Performance Share Unit Award Agreement, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 2021.**
10.13	2020 Stock Option and Performance Incentive Plan Stock Option Award Agreement, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 2021.**
10.14	Employment Agreement between the Company and Andrew Meslow, dated May 15, 2020, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 2, 2020.**
10.15	Employment Agreement Amendment and Retention Bonus Agreement between the Company and Stuart Burgdoerfer, dated May 18, 2020, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 2, 2020.**
10.16	Executive Separation Agreement between L Brands, Inc. and Charles McGuigan, dated May 18, 2020, incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q dated June 3, 2020.**
10.17	Retention Bonus Agreement and Executive Separation Agreement between L Brands, Inc. and Shelley Milano, dated May 29, 2020, incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q dated June 3, 2020.**
10.18	Executive Employment Agreement between Bath & Body Works, LLC and Julie Rosen, dated February 3, 2021, incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended January 30, 2021.**
10.19	Executive Employment Agreement between Bath and Body Works, LLC and Deon Riley, dated February 4, 2021, incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended January 30, 2021.**
10.20	Separation and Distribution Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated August 3, 2021.
10.21	L Brands to VS Transition Services Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated August 3, 2021.
10.22	VS to L Brands Transition Services Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated August 3, 2021.
10.23	Tax Matters Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K dated August 3, 2021.
10.24	Employee Matters Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K dated August 3, 2021.
10.25	Domestic Transportation Services Agreement between Mast Logistics Services, LLC and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.5 to the Company's Form 8-K dated August 3, 2021.
10.26	Amended and Restated Revolving Credit Agreement by and among the Company, the borrowing subsidiaries party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., dated August 2, 2021, incorporated by reference to Exhibit 10.6 to the Company's Form 8-K dated August 3, 2021.
10.27	Executive Letter Agreement between Bath & Body Works, Inc. and Wendy C. Arlin, dated August 2, 2021, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2021.**

10.28	Executive Retirement Agreement between L Brands, Inc. and Stuart B. Burgdoerfer, dated August 2, 2021, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2021.**
10.29	Master Confirmation by and between Bath & Body Works, Inc. and JPMorgan Chase Bank, National Association, dated February 2, 2022, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated February 4, 2022.
10.30	2020 Stock Option and Performance Incentive Plan Restricted Share Unit Award Agreement (Form of Director Award Agreement).**
10.31	Summary of James L. Bersani Severance Terms.**
21.	Subsidiaries of the Registrant.
22.	List of Guarantor Subsidiaries
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

** Identifies management contracts or compensatory plans or arrangements.

(P) Paper Exhibits

(b) Exhibits.

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

(c) Not applicable.

ITEM 16. FORM 10-K SUMMARY.

None.

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, 2022

BATH & BODY WORKS, INC. (Registrant)

By: /s/ WENDY C. ARLIN

Wendy C. Arlin
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 18, 2022:

Signature	Title
/s/ ANDREW M. MESLOW Andrew M. Meslow	Director and Chief Executive Officer (Principal Executive Officer)
/s/ WENDY C. ARLIN Wendy C. Arlin	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ SARAH E. NASH* Sarah E. Nash	Executive Chair of the Board of Directors
/s/ PATRICIA S. BELLINGER* Patricia S. Bellinger	Director
/s/ FRANCIS A. HONDAL* Francis A. Hondal	Director
/s/ DANIELLE M. LEE* Danielle M. Lee	Director
/s/ MICHAEL G. MORRIS* Michael G. Morris	Director
/s/ ROBERT H. SCHOTTENSTEIN* Robert H. Schottenstein	Director
/s/ STEPHEN D. STEINOUR* Stephen D. Steinour	Director
/s/ JAMES K. SYMANCYK* James K. Symancyk	Director

* The undersigned, by signing her 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/ WENDY C. ARLIN

Wendy C. Arlin
Attorney-in-fact

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Company Information

Headquarters

Bath & Body Works, Inc.
Three Limited Parkway
Columbus, OH 43230
614.415.7000
www.bbwinc.com

Annual Meeting of Stockholders

8:30 a.m. ET on Thursday, May 12, 2022
Seven Limited Parkway
Reynoldsburg, OH 43068

Stock Exchange Listing

New York Stock Exchange (Trading Symbol "BBWI")

Independent Public Accountants

Ernst & Young LLP
Grandview Heights, OH

Information Requests

Through our website:	www.bbwinc.com
Upon written request to:	Bath & Body Works, Inc. Investor Relations Three Limited Parkway Columbus, OH 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@astfinancial.com

https://www.astfinancial.com

Bath & Body Works, Inc.

as of Jan. 29, 2022:
Approximate associate base: 56,900
Approximate shareholder base: 177,000

Investor resources available on our website, www.bbwinc.com, include:

- Anticipated release dates for quarterly earnings
- Live webcasts of quarterly earnings conference calls
- Audio replays of 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. 29, 2022. In addition, our Chief Executive Officer filed a separate annual certification to the New York Stock Exchange following our annual stockholders' meeting on May 20, 2021.

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ADMITTANCE SLIP

2022 ANNUAL MEETING OF STOCKHOLDERS

***Date, Time and Place of Meeting*:**

Date:	May 12, 2022
Time:	8:30 a.m., Eastern Time
Place:	Seven Limited Parkway Reynoldsburg, Ohio 43068

***Attending the Meeting*:**

Stockholders who plan to attend the meeting in person must bring this admittance slip and a photo identification to gain access.

Although we are hosting an in-person annual meeting, due to the public health impact of the COVID-19 pandemic, and to support the health and well-being of our stockholders, associates and communities, attendees will be expected to comply with important health and safety protocols as recommended by the Centers for Disease Control and Prevention, including: wearing an appropriate face covering at all times while on the meeting premises, hand washing and/or applying hand sanitizer upon arrival and practicing social distancing by maintaining at least a six-feet distance from other attendees.

You should not attend if you feel unwell or if you have been exposed to COVID-19. Any person in attendance who exhibits cold or flu-like symptoms or who has been exposed to COVID-19 may be asked to leave the premises for the protection of the other attendees. We reserve the right to take any additional precautionary measures deemed appropriate in relation to the meeting and access to meeting premises, and may ask attendees to leave the meeting if they are not following our procedures.

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 our www.bbwinc.com or contact Investor Relations at (614) 415-7585. Please check this website in advance of the meeting date if you are planning to attend in person.

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