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

FORM 10-Q

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

For the quarterly period ended November 1, 2014

OR

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

For the transition period from to

Commission file number 1-8344

L BRANDS, INC.
(Exact name of registrant as specified in its charter)

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

(614) 415-7000
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock, $.50 Par Value	**Outstanding at November 28, 2014**
	292,682,493

L BRANDS, INC.

TABLE OF CONTENTS

* The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, “third quarter of 2014” and “third quarter of 2013” refer to the thirteen week periods ending November 1, 2014 and November 2, 2013, respectively. "Year-to-date 2014" and "year-to-date 2013" refer to the thirty-nine week periods ending November 1, 2014 and November 2, 2013, respectively.

PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

L BRANDS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in millions except per share amounts)
(Unaudited)

	Third Quarter		Year-to-Date	
	2014	2013	2014	2013
Net Sales	$ 2,319	$ 2,171	$ 7,385	$ 6,955
Costs of Goods Sold, Buying and Occupancy	(1,372)	(1,314)	(4,412)	(4,168)
Gross Profit	947	857	2,973	2,787
General, Administrative and Store Operating Expenses	(663)	(646)	(1,977)	(1,907)
Operating Income	284	211	996	880
Interest Expense	(80)	(76)	(246)	(232)
Other Income	1	7	6	11
Income Before Income Taxes	205	142	756	659
Provision for Income Taxes	73	50	279	246
Net Income	$ 132	$ 92	$ 477	$ 413
Net Income Per Basic Share	$ 0.45	$ 0.32	$ 1.63	$ 1.43
Net Income Per Diluted Share	$ 0.44	$ 0.31	$ 1.60	$ 1.40
Dividends Per Share	$ 0.34	$ 0.30	$ 2.02	$ 0.90

L BRANDS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Third Quarter		Year-to-Date	
	2014	2013	2014	2013
Net Income	$ 132	$ 92	$ 477	$ 413
Other Comprehensive Income (Loss), Net of Tax:				
Reclassification of Cash Flow Hedges to Earnings	(13)	(2)	(5)	(21)
Foreign Currency Translation	3	5	—	17
Unrealized Gain (Loss) on Cash Flow Hedges	16	3	3	19
Total Other Comprehensive Income (Loss), Net of Tax	6	6	(2)	15
Total Comprehensive Income	$ 138	$ 98	$ 475	$ 428

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

L BRANDS, INC.
CONSOLIDATED BALANCE SHEETS
(in millions except per share amounts)

	November 1, 2014	February 1, 2014	November 2, 2013
	(Unaudited)		(Unaudited)
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 745	$ 1,519	$ 425
Accounts Receivable, Net	274	244	245
Inventories	1,485	1,165	1,643
Deferred Income Taxes	31	28	30
Other	314	194	237
Total Current Assets	2,849	3,150	2,580
Property and Equipment, Net	2,281	2,045	2,078
Goodwill	1,318	1,318	1,318
Trade Names and Other Intangible Assets, Net	411	411	411
Other Assets	290	274	249
Total Assets	$ 7,149	$ 7,198	$ 6,636
LIABILITIES AND EQUITY (DEFICIT)			
Current Liabilities:			
Accounts Payable	$ 837	$ 599	$ 799
Accrued Expenses and Other	735	787	702
Current Portion of Long-term Debt	213	215	216
Income Taxes	14	225	17
Total Current Liabilities	1,799	1,826	1,734
Deferred Income Taxes	228	210	194
Long-term Debt	4,759	4,761	4,762
Other Long-term Liabilities	796	770	766
Shareholders’ Equity (Deficit):			
Preferred Stock - $1.00 par value; 10 shares authorized; none issued	—	—	—
Common Stock - $0.50 par value; 1,000 shares authorized; 310, 307 and 306 shares issued; 293, 291 and 290 shares outstanding, respectively	155	154	153
Paid-in Capital	397	302	267
Accumulated Other Comprehensive Income	38	40	19
Retained Earnings (Accumulated Deficit)	(231)	(118)	(519)
Less: Treasury Stock, at Average Cost; 17, 16 and 16 shares, respectively	(793)	(748)	(740)
Total L Brands, Inc. Shareholders’ Equity (Deficit)	(434)	(370)	(820)
Noncontrolling Interest	1	1	—
Total Equity (Deficit)	(433)	(369)	(820)
Total Liabilities and Equity (Deficit)	$ 7,149	$ 7,198	$ 6,636

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

L BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Year-to-Date	
	2014	2013
Operating Activities:		
Net Income	$ 477	$ 413
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization of Long-lived Assets	327	299
Amortization of Landlord Allowances	(30)	(29)
Deferred Income Taxes	10	(1)
Share-based Compensation Expense	67	61
Excess Tax Benefits from Share-based Compensation	(41)	(31)
Changes in Assets and Liabilities:		
Accounts Receivable	(30)	(42)
Inventories	(321)	(642)
Accounts Payable, Accrued Expenses and Other	144	120
Income Taxes Payable	(214)	(140)
Other Assets and Liabilities	(19)	(39)
Net Cash Provided by (Used for) Operating Activities	370	(31)
Investing Activities:		
Capital Expenditures	(585)	(598)
Return of Capital from Third-party Apparel Sourcing Investment	—	46
Other Investing Activities	15	3
Net Cash Used for Investing Activities	(570)	(549)
Financing Activities:		
Proceeds from Long-term Debt, Net of Issuance Costs	—	495
Borrowings from Revolving Facility	5	290
Repayments on Revolving Facility	(5)	(290)
Repurchase of Common Stock	(48)	(55)
Dividends Paid	(591)	(261)
Excess Tax Benefits from Share-based Compensation	41	31
Proceeds from Exercise of Stock Options and Other	28	22
Financing Costs	(5)	—
Net Cash Provided by (Used for) Financing Activities	(575)	232
Effects of Exchange Rate Changes on Cash and Cash Equivalents	1	—
Net Decrease in Cash and Cash Equivalents	(774)	(348)
Cash and Cash Equivalents, Beginning of Period	1,519	773
Cash and Cash Equivalents, End of Period	$ 745	$ 425

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

L BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business and Basis of Presentation

Description of Business

L Brands, Inc. ("the Company") operates in the highly competitive specialty retail business. The Company is a specialty retailer of women's intimate and other apparel, beauty and personal care products and accessories. The Company sells its merchandise through company-owned specialty retail stores in the United States ("U.S."), Canada and the United Kingdom ("U.K."), which are primarily mall-based, and through its websites, catalogue and other channels. The Company's other international operations are primarily through franchise, license and wholesale partners. The Company currently operates the following retail brands:

- Victoria's Secret
- PINK
- Bath & Body Works
- La Senza
- Henri Bendel

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "third quarter of 2014" and "third quarter of 2013" refer to the thirteen week periods ending November 1, 2014 and November 2, 2013, respectively. "Year-to-date 2014" and "year-to-date 2013" refer to the thirty-nine week periods ending November 1, 2014 and November 2, 2013, respectively.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company accounts for investments in unconsolidated entities where it exercises significant influence, but does not have control, using the equity method. Under the equity method of accounting, the Company recognizes its share of the investee net income or loss. Losses are only recognized to the extent the Company has positive carrying value related to the investee. Carrying values are only reduced below zero if the Company has an obligation to provide funding to the investee. The Company's share of net income or loss of unconsolidated entities from which the Company purchases merchandise or merchandise components is included in Costs of Goods Sold, Buying and Occupancy on the Consolidated Statements of Income. The Company's share of net income or loss of all other unconsolidated entities is included in Other Income on the Consolidated Statements of Income. The Company's equity investments are required to be tested for impairment when it is determined there may be an other-than-temporary loss in value.

Interim Financial Statements

The Consolidated Financial Statements as of and for the periods ended November 1, 2014 and November 2, 2013 are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in the Company's 2013 Annual Report on Form 10-K.

In the opinion of management, the accompanying Consolidated Financial Statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods.

Seasonality of Business

Due to seasonal variations in the retail industry, the results of operations for any interim period are not necessarily indicative of the results expected for the full fiscal year.

Concentration of Credit Risk

The Company maintains cash and cash equivalents and derivative contracts with various major financial institutions. The Company monitors the relative credit standing of financial institutions with whom the Company transacts and limits the amount of credit exposure with any one entity. Currently, the Company's investment portfolio is comprised of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, highly rated commercial paper and bank deposits.

The Company also periodically reviews the relative credit standing of franchise, license and wholesale partners and other entities to which the Company grants credit terms in the normal course of business.

Use of Estimates in the Preparation of Financial Statements

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

2. New Accounting Pronouncement

Revenue Recognition from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires companies to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be effective beginning in fiscal 2017, and early adoption is not permitted. The standard allows for either a full retrospective or a modified retrospective transition method. The Company is currently evaluating the impact of this standard, including the transition method, on its consolidated results of operations, financial position and cash flows.

3. Earnings Per Share and Shareholders' Equity (Deficit)

Earnings Per Share

Earnings per basic share are computed based on the weighted-average number of outstanding common shares. Earnings per diluted share include the weighted-average effect of dilutive options and restricted stock on the weighted-average shares outstanding.

The following table provides shares utilized for the calculation of basic and diluted earnings per share for the third quarter and year-to-date 2014 and 2013:

	Third Quarter		Year-to-Date	
	2014	2013	2014	2013
	(in millions)			
Weighted-average Common Shares:				
Issued Shares	309	306	309	306
Treasury Shares	(17)	(16)	(17)	(16)
Basic Shares	292	290	292	290
Effect of Dilutive Options and Restricted Stock	6	7	6	6
Diluted Shares	298	297	298	296
Anti-dilutive Options and Awards (a)	—	—	1	2

(a) These options and awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

Shareholders' Equity (Deficit)

Common Stock Repurchases

Under the authority of the Company's Board of Directors, the Company repurchased shares of its common stock under the following repurchase program during year-to-date 2014 and 2013:

Repurchase Program	Amount Authorized	Shares Repurchased		Amount Repurchased		Average Stock Price of Shares Repurchased within Program
		2014	2013	2014	2013	
	(in millions)	(in thousands)		(in millions)		
November 2012	$ 250	826	1,217	$ 45	$ 55	$ 48.52

The November 2012 repurchase program had $131 million remaining as of November 1, 2014. There were no share repurchases reflected in Accounts Payable on the November 1, 2014 or November 2, 2013 Consolidated Balance Sheets. There were $3 million share repurchases reflected in Accounts Payable on the February 1, 2014 Consolidated Balance Sheet.

Dividends

Under the authority and declaration of the Board of Directors, the Company paid the following dividends during 2014 and 2013:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2014				
Third Quarter	$ 0.34	$ —	$ 0.34	$ 100
Second Quarter	0.34	—	0.34	99
First Quarter	0.34	1.00	1.34	392
2014 Total	$ 1.02	$ 1.00	$ 2.02	$ 591
2013				
Third Quarter	$ 0.30	$ —	$ 0.30	$ 87
Second Quarter	0.30	—	0.30	87
First Quarter	0.30	—	0.30	87
2013 Total	$ 0.90	$ —	$ 0.90	$ 261

4. Inventories

The following table provides details of inventories as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Finished Goods Merchandise	$ 1,360	$ 1,073	$ 1,518
Raw Materials and Merchandise Components	125	92	125
Total Inventories	$ 1,485	$ 1,165	$ 1,643

Inventories are principally valued at the lower of cost, as determined by the weighted-average cost method, or market.

5. Property and Equipment, Net

The following table provides details of property and equipment, net as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Property and Equipment, at Cost	$ 5,462	$ 5,101	$ 5,083
Accumulated Depreciation and Amortization	(3,181)	(3,056)	(3,005)
Property and Equipment, Net	$ 2,281	$ 2,045	$ 2,078

Depreciation expense was $108 million and $96 million for the third quarter of 2014 and 2013, respectively. Depreciation expense was $327 million and $298 million for year-to-date 2014 and 2013, respectively.

6. Equity Investments and Other

Third-party Apparel Sourcing Business

On October 31, 2011, the Company divested a majority ownership interest in its third-party apparel sourcing business to affiliates of Sycamore Partners. The Company's remaining ownership interest is accounted for under the equity method of accounting.

In conjunction with the transaction, the Company entered into transition services agreements whereby the Company was providing support in various operational areas including logistics, technology and finance. The final transition service arrangement expired in October 2014. Extension of the logistics and technology transition services agreements are currently in negotiations. The Company continues to provide services in these operational areas during the interim period until such agreements are finalized.

In the third quarter of 2013, the Company received a $48 million dividend from the third-party apparel sourcing business. This reduced the Company's carrying value in the investment. Of this dividend, $46 million is included in Return of Capital from Third-party Apparel Sourcing Investment within the Investing Activities section of the 2013 Consolidated Statement of Cash Flows, and $2 million is included in Other Assets and Liabilities within the Operating Activities section of the 2013 Consolidated Statement of Cash Flows.

The Company's carrying value for this investment was $7 million as of November 1, 2014, $3 million as of February 1, 2014 and $6 million as of November 2, 2013. The investment is included in Other Assets on the Consolidated Balance Sheets. The Company's share of net income (loss) from this investment is included in Other Income on the Consolidated Statements of Income.

Subsequent to November 1, 2014, the Company entered into an agreement with Sycamore Partners to divest its remaining ownership interest in the third-party apparel sourcing business. The closing of the sale is expected to occur in February 2015 and is contingent upon certain conditions, including the absence of material adverse conditions that may arise prior to closing. The Company expects to receive pre-tax cash proceeds of $85 million and will recognize an estimated pre-tax gain of approximately $70 million in the first quarter of 2015.

Easton Investments

The Company has land and other investments in Easton, a 1,300-acre planned community in Columbus, Ohio, that integrates office, hotel, retail, residential and recreational space. These investments totaled $100 million as of November 1, 2014, $105 million as of February 1, 2014 and $79 million as of November 2, 2013 and are recorded in Other Assets on the Consolidated Balance Sheets.

Included in the Company's Easton investments is an equity interest in Easton Town Center, LLC ("ETC"), an entity that owns and has developed a commercial entertainment and shopping center. The Company's investment in ETC is accounted for using the equity method of accounting. The Company has a majority financial interest in ETC, but another unaffiliated member manages ETC. Certain significant decisions regarding ETC require the consent of unaffiliated members in addition to the Company.

Also included in the Company's Easton investments is an equity interest in Easton Gateway, LLC ("EG"), an entity that owns and is developing a commercial shopping center in the Easton community. The Company has a majority financial interest in EG, but another unaffiliated member manages the activities that most significantly impact the economic performance of EG including leasing, tenant relationships and maintenance of the center. Certain significant decisions regarding EG require the consent of the unaffiliated member in addition to the Company. In April 2014, EG entered into a construction loan for financing related to the development of the commercial shopping center that matures in April 2017. In conjunction with the EG loan, the Company, along with the unaffiliated member, provided a guarantee of interest, certain expenses and a completion guarantee on the construction of the commercial shopping center.

The Company has concluded EG is a variable interest entity; however, the Company is not the primary beneficiary as defined in Accounting Standards Codification ("ASC") Topic 810, *Consolidation,* and, therefore, accounts for its investment in EG using the equity method of accounting. The Company's investment in EG totaled $35 million as of November 1, 2014. The Company's estimated maximum potential loss from its involvement with EG totaled $45 million. This includes the Company's equity investment of $35 million and the Company's estimated maximum potential loss from its guarantees related to EG's construction loan of $10 million. The estimated fair value of these guarantee obligations is not significant.

7. Income Taxes

The provision for income taxes is based on the current estimate of the annual effective tax rate and is adjusted as necessary for quarterly events. The Company's quarterly effective tax rate does not reflect a benefit associated with losses related to certain foreign subsidiaries.

For the third quarter of 2014, the Company's effective tax rate was 35.5% compared to 35.0% in the third quarter of 2013. The third quarter 2014 and 2013 rates were lower than the Company's combined statutory federal and state rates primarily due to the resolution of certain tax matters.

For year-to-date 2014, the Company's effective tax rate was 36.9% compared to 37.3% year-to-date 2013. The year-to-date 2014 and 2013 rates were lower than the Company's combined statutory federal and state rates primarily due to the resolution of certain tax matters.

As of November 1, 2014, any unrecognized deferred income tax liability resulting from the Company's undistributed foreign earnings from non-U.S. subsidiaries is not expected to reverse in the foreseeable future; furthermore, the undistributed foreign earnings are permanently reinvested. If the Company elects to distribute these foreign earnings in the future, they could be subject to additional income taxes. Determination of the amount of any unrecognized deferred income tax liability on these undistributed foreign earnings is not practicable because such liability, if any, is dependent on circumstances existing if and when remittance occurs.

Income taxes paid were approximately $112 million and $123 million for the third quarter of 2014 and 2013, respectively. Income taxes paid approximated $481 million and $431 million for year-to-date 2014 and 2013, respectively.

8. Long-term Debt

The following table provides the Company’s long-term debt balance as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Senior Unsecured Debt with Subsidiary Guarantee			
$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 (“2022 Notes”)	$ 1,000	$ 1,000	$ 1,000
$1 billion, 6.625% Fixed Interest Rate Notes due April 2021 (“2021 Notes”)	1,000	1,000	1,000
$500 million, 5.625% Fixed Interest Rate Notes due October 2023 (“2023 Notes”)	500	500	500
$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount (“2019 Notes”)(a)	495	494	493
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	400	400	400
Total Senior Unsecured Debt with Subsidiary Guarantee	$ 3,395	$ 3,394	$ 3,393
Senior Unsecured Debt			
$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount (“2017 Notes”)(b)	$ 715	$ 718	$ 720
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033, Less Unamortized Discount (“2033 Notes”)	350	350	350
$300 million, 7.60% Fixed Interest Rate Notes due July 2037, Less Unamortized Discount (“2037 Notes”)	299	299	299
5.25% Fixed Interest Rate Notes due November 2014, Less Unamortized Discount (“2014 Notes”)(c)	213	215	216
Total Senior Unsecured Debt	$ 1,577	$ 1,582	$ 1,585
Total	$ 4,972	$ 4,976	$ 4,978
Current Portion of Long-term Debt	(213)	(215)	(216)
Total Long-term Debt, Net of Current Portion	$ 4,759	$ 4,761	$ 4,762

(a) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $3 million as of November 1, 2014, $2 million as of February 1, 2014 and $3 million as of November 2, 2013.
(b) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $15 million as of November 1, 2014, $19 million as of February 1, 2014 and $21 million as of November 2, 2013.
(c) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $2 million as of February 1, 2014 and $3 million as of November 2, 2013. As of November 1, 2014, the interest rate hedge adjustment was fully amortized.

Issuance of Notes

In October 2013, the Company issued $500 million of 5.625% notes due in October 2023 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2023 Notes are jointly and severally guaranteed on a full and unconditional basis by certain of the Company's 100% owned subsidiaries (such subsidiaries, the "Guarantors"). The proceeds from the issuance were $495 million, which were net of issuance costs of $5 million. These issuance costs are being amortized through the maturity date of October 2023 and are included within Other Assets on the Consolidated Balance Sheets.

Repayment of Notes

Subsequent to November 1, 2014, the Company repaid the remaining $213 million of its 5.25% Senior Unsecured Notes due November 2014 with cash on hand.

Revolving Facility

In July 2014, the Company entered into an amendment and restatement (“Amendment”) of its secured revolving credit facility (“Revolving Facility”). The Amendment maintains the aggregate amount of the commitments of the lenders under the Revolving Facility at $1 billion and extends the termination date from July 15, 2016 to July 18, 2019. In addition, the Amendment allows certain of the Company's non-U.S. subsidiaries to issue loans and obtain letters of credit in U.S. dollars, Canadian dollars or British pounds.

In addition, the Amendment reduced fees payable under the Revolving Facility which are based on the Company's long-term credit ratings. The fees related to committed and unutilized amounts per year are 0.30% per annum, and the fees related to outstanding letters of credit are 1.50% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings and British pound borrowings is London Interbank Offered Rate (“LIBOR”) plus 1.50%. The interest rate on outstanding Canadian dollar borrowings is Canadian Prime Rate plus 0.50% or Canadian Dollar Offered Rate ("CDOR") plus 1.50%.

The Company incurred fees related to the Amendment of the Revolving Facility of $5 million, which were capitalized and are being amortized over the remaining term of the Revolving Facility.

The Revolving Facility continues to contain fixed charge coverage and debt to EBITDA financial covenants. The Company is required to maintain a fixed charge coverage ratio of not less than 1.75 to 1.00 and a consolidated debt to consolidated EBITDA ratio not exceeding 4.00 to 1.00 for the most recent four-quarter period. In addition, the Revolving Facility provides that investments and restricted payments may be made, without limitation on amount, if (a) at the time of and after giving effect to such investment or restricted payment, the ratio of consolidated debt to consolidated EBITDA for the most recent four-quarter period is less than 3.00 to 1.00 and (b) no default or event of default exists. As of November 1, 2014, the Company was in compliance with both of its financial covenants. The ratio of consolidated debt to consolidated EBITDA was less than 3.00 to 1.00, and no default or event of default existed.

During the second quarter of 2014 and the third quarter of 2013, the Company borrowed and repaid $5 million and $290 million, respectively, under the Revolving Facility. The maximum daily amount outstanding at any point in time during the second quarter of 2014 and third quarter of 2013 was $5 million and $140 million, respectively.

As of November 1, 2014, there were no borrowings outstanding under the Revolving Facility.

Letters of Credit

The Revolving Facility supports the Company’s letter of credit program. The Company had $8 million of outstanding letters of credit as of November 1, 2014 that reduce its remaining availability under the Revolving Facility.

Fair Value Interest Rate Swap Arrangements

For information related to the Company’s fair value interest rate swap arrangements, see Note 9, “Derivative Instruments.”

9. Derivative Instruments

Foreign Exchange Risk

In January 2007, the Company entered into a series of cross-currency swaps related to approximately CAD$470 million of intercompany loans. These cross-currency swaps mitigate the exposure to fluctuations in the U.S. dollar-Canadian dollar exchange rate related to the Company’s Canadian operations. The cross-currency swaps require the periodic exchange of fixed-rate Canadian dollar interest payments for fixed-rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S. dollar principal payments upon maturity. The cross-currency swaps mature between 2015 and 2018 at the same time as the related loans and are designated as cash flow hedges of foreign currency exchange risk. Changes in the U.S. dollar-Canadian dollar exchange rate and the related swap settlements result in reclassification of amounts from accumulated other comprehensive income to earnings to completely offset foreign currency transaction gains and losses recognized on the intercompany loans.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as foreign exchange cash flow hedges as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Other Long-term Liabilities	$ 10	$ 13	$ 40

The following table provides a summary of the pre-tax financial statement effect of the gains and losses on the Company's derivative instruments designated as foreign exchange cash flow hedges for the third quarter and year-to-date 2014 and 2013:

		Third Quarter		Year-to-Date	
	Location	2014	2013	2014	2013
			(in millions)		
Gain (Loss) Recognized in Other Comprehensive Income	Other Comprehensive Income	$ 16	$ 3	$ 3	$ 19
(Gain) Loss Reclassified from Accumulated Other Comprehensive Income into Other Income (a)	Other Income	(13)	(2)	(5)	(21)

(a) Represents reclassification of amounts from accumulated other comprehensive income to earnings to completely offset foreign currency transaction gains and losses recognized on the intercompany loans. No ineffectiveness was associated with these foreign exchange cash flow hedges.

Subsequent to November 1, 2014, the Company terminated cross-currency swaps of CAD$200 million related to the intercompany loans maturing in 2015 and 2017. The Company paid $4 million in settlement of the swaps. This $4 million expense related to the settlement of the swaps, as well as the foreign currency gains on these intercompany loans of $6 million, will be recognized in earnings in the fourth quarter.

Interest Rate Risk

Interest Rate Designated Fair Value Hedges

In July 2014, the Company entered into interest rate swap arrangements related to $100 million of the outstanding 2017 Notes and $100 million of the outstanding 2019 Notes. In 2013, the Company entered into interest rate swap arrangements related to $200 million of the outstanding 2017 Notes and $200 million of the outstanding 2019 Notes. The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on LIBOR plus a fixed percentage.

The swap arrangements are designated as fair value hedges. The changes in the fair value of the interest rate swaps have an equal and offsetting impact to the carrying value of the debt on the balance sheet. The differential to be paid or received on the interest rate swap arrangements is accrued and recognized as an adjustment to interest expense.

In the past, the Company had entered into interest rate swap arrangements on the 2014 and 2017 Notes. In 2012, the Company terminated these interest rate designated fair value hedges. Both the carrying values of the 2014 and 2017 Notes include unamortized hedge settlements which are amortized as a reduction to interest expense through the respective maturity date of the Notes.

The following table provides a summary of the fair value and balance sheet classification of the derivative financial instruments designated as interest rate fair value hedges as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Other Assets	$ 5	$ 5	$ 5

10. Fair Value Measurements

The following table provides a summary of the carrying value and estimated fair value of long-term debt as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Carrying Value	$ 4,972	$ 4,976	$ 4,978
Estimated Fair Value (a)	5,476	5,333	5,398

(a) The estimated fair value of the Company's publicly traded debt is based on reported transaction prices which are considered Level 2 inputs in accordance with ASC Topic 820, *Fair Value Measurements and Disclosure*. The estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The authoritative guidance included in ASC Topic 820*,* 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 following table provides a summary of assets and liabilities measured in the consolidated financial statements at fair value on a recurring basis as of November 1, 2014, February 1, 2014 and November 2, 2013:

	Level 1	Level 2	Level 3	Total
		(in millions)		
As of November 1, 2014				
Assets:				
Cash and Cash Equivalents	$ 745	$ —	$ —	$ 745
Interest Rate Designated Fair Value Hedges	—	5	—	5
Liabilities:				
Cross-currency Cash Flow Hedges	—	10	—	10
Lease Guarantees	—	—	1	1
As of February 1, 2014				
Assets:				
Cash and Cash Equivalents	$ 1,519	$ —	$ —	$ 1,519
Interest Rate Designated Fair Value Hedges	—	5	—	5
Liabilities:				
Cross-currency Cash Flow Hedges	—	13	—	13
Lease Guarantees	—	—	1	1
As of November 2, 2013				
Assets:				
Cash and Cash Equivalents	$ 425	$ —	$ —	$ 425
Interest Rate Designated Fair Value Hedges	—	5	—	5
Liabilities:				
Cross-currency Cash Flow Hedges	—	40	—	40
Lease Guarantees	—	—	2	2

The Company’s Level 2 fair value measurements are measured using market approach valuation techniques. The primary inputs to these techniques include benchmark interest rates and foreign currency exchange rates, as applicable to the underlying instruments.

The Company’s Level 3 fair value measurements are measured using income approach valuation techniques. The primary inputs to these techniques include the guaranteed lease payments, discount rates and the Company’s assessment of the risk of default on guaranteed leases.

Management believes that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

The following table provides a reconciliation of the Company’s lease guarantees measured at fair value on a recurring basis using unobservable inputs (Level 3) for the third quarter and year-to-date 2014 and 2013:

	Third Quarter		Year-to-Date	
	2014	2013	2014	2013
		(in millions)		
Beginning Balance	$ 1	$ 2	$ 1	$ 2
Change in Estimated Fair Value Reported in Earnings	—	—	—	—
Ending Balance	$ 1	$ 2	$ 1	$ 2

The Company’s lease guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of certain businesses. The fair value of these lease guarantees is impacted by economic conditions, probability of rent obligation payments, period of obligation and the discount rate utilized. For additional information, see Note 12, “Commitments and Contingencies.”

11. Comprehensive Income

The following table provides the rollforward of accumulated other comprehensive income for year-to-date 2014:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
		(in millions)	
Balance as of February 1, 2014	$ 30	$ 10	$ 40
Other Comprehensive Income Before Reclassifications	—	3	3
Amounts Reclassified from Accumulated Other Comprehensive Income	—	(5)	(5)
Current-period Other Comprehensive Loss	—	(2)	(2)
Balance as of November 1, 2014	$ 30	$ 8	$ 38

The following table provides the rollforward of accumulated other comprehensive income for year-to-date 2013:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
		(in millions)	
Balance as of February 2, 2013	$ (10)	$ 14	$ 4
Other Comprehensive Income Before Reclassifications	17	19	36
Amounts Reclassified from Accumulated Other Comprehensive Income	—	(21)	(21)
Current-period Other Comprehensive Income (Loss)	17	(2)	15
Balance as of November 2, 2013	$ 7	$ 12	$ 19

The components of accumulated other comprehensive income above are presented net of tax as applicable.

The following table provides a summary of the reclassification adjustments out of accumulated other comprehensive income for the third quarter and year-to-date 2014 and 2013:

Details About Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income				Location on Consolidated Statement of Income
	Third Quarter		Year-to-Date		
	2014	2013	2014	2013	
		(in millions)			
Cash Flow Hedges (Gain) Loss	$ (13)	$ (2)	$ (5)	$ (21)	Other Income
	—	—	—	—	Provision for Income Taxes
	$ (13)	$ (2)	$ (5)	$ (21)	Net Income

12. 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.

In July 2009, a complaint was filed against the Company for patent infringement in the United States District Court for the Eastern District of Texas. The complaint sought monetary damages, costs, attorneys' fees and injunctive relief. In November 2011, a jury found in favor of the plaintiff and awarded damages of $9 million for infringement from 2007 through 2011, and the trial court awarded future royalty payments through 2015. In January 2013, the Company appealed the judgment in the Court of Appeals for the Federal Circuit. Shortly before the Company's appeal was filed, the Court of Appeals ruled in another proceeding involving a different company that the plaintiff's patents were invalid. On January 14, 2014, the U.S. Supreme Court denied the plaintiff's petition to overturn that ruling. Based on this decision that the plaintiff's patents are invalid and on the Company's other arguments, the Company believes its appeal should be granted.

Guarantees

In connection with the disposition of certain businesses, the Company has remaining guarantees of approximately $29 million related to lease payments of Express, Limited Stores, Abercrombie & Fitch, Dick's Sporting Goods and New York & Company under the current terms of noncancelable leases expiring at various dates through 2018. These guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of the businesses. In certain instances, the Company's guarantee may remain in effect if the term of a lease is extended.

The Company's guarantees related to Express, Limited Stores and New York & Company require fair value accounting in accordance with accounting principles generally accepted in the United State of America ("GAAP") in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New York & Company totaled $14 million as of November 1, 2014, $22 million as of February 1, 2014 and $26 million as of November 2, 2013. The estimated fair value of these guarantee obligations was $1 million as of November 1, 2014 and February 1, 2014 and $2 million as of November 2, 2013, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company's guarantees related to Abercrombie & Fitch and Dick's Sporting Goods are not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on GAAP in effect at the time of these divestitures. The Company had no liability recorded with respect to any of the guarantee obligations as it concluded that payments under these guarantees were not probable as of November 1, 2014, February 1, 2014 and November 2, 2013.

In connection with the Company's investment in Easton Gateway, LLC, an entity that owns and is developing a commercial shopping center in the Easton community, the Company, along with an unaffiliated member, provided a guarantee of interest, certain expenses and a completion guarantee on the construction of the commercial shopping center. For additional information, see Note 6, "Equity Investments and Other."

13. Retirement Benefits

The Company sponsors a tax-qualified defined contribution retirement plan and a non-qualified supplemental retirement plan for substantially all of its associates within the U.S. Participation in the tax-qualified plan is available to associates who meet certain age and service requirements. Participation in the non-qualified plan is available to associates who meet certain age, service, job level and compensation requirements.

The qualified plan permits participating associates to elect contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associate contributions and Company matching contributions vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service. Total expense recognized related to the qualified plan was $15 million for the third quarter of 2014 and $14 million for the third quarter of 2013. Total expense recognized related to the qualified plan was $45 million for year-to-date 2014 and $43 million for year-to-date 2013.

The non-qualified plan is an unfunded plan which provides benefits beyond the Internal Revenue Code limits for qualified defined contribution plans. The plan permits participating associates to elect contributions up to a maximum percentage of eligible compensation. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible compensation and years of service. The plan also permits participating associates to defer additional compensation up to a maximum amount which the Company does not match. Associates' accounts are credited with interest using a rate determined by the Company. Associate contributions and the related interest vest immediately. Company contributions, along with related interest, are subject to vesting based on years of service. Associates may elect in-service distributions for the unmatched additional deferred compensation component only. The remaining vested portion of associates' accounts in the plan will be distributed upon termination of employment in either a lump sum or in annual installments over a specified period of up to 10 years. Total expense recognized related to the non-qualified plan was $7 million for both the third quarter of 2014 and 2013. Total expense recognized related to the non-qualified plan was $19 million for year-to-date 2014 and $18 million for year-to-date 2013.

14. Segment Information

In the first quarter of 2014, the Company announced a change in its reportable segments. Results from company-owned Victoria's Secret and Bath & Body Works stores in Canada were reclassified from Other into the corresponding Victoria's Secret and Bath & Body Works segments. Additionally, a new segment called Victoria's Secret and Bath & Body Works International was created which includes the Victoria's Secret and Bath & Body Works company-owned and franchised stores outside of the United States and Canada. Therefore, beginning in 2014, the Company has three reportable segments: Victoria's Secret, Bath & Body Works and Victoria's Secret and Bath & Body Works International. While this reporting change did not impact the Company's consolidated results, the segment data has been recast to be consistent for all periods presented throughout the financial statements and accompanying footnotes.

The Victoria's Secret segment sells women's intimate and other apparel, personal care and beauty products under the Victoria's Secret and PINK brand names. Victoria's Secret merchandise is sold through retail stores located in the U.S. and Canada, its website, *www.VictoriasSecret.com,* and its catalogue.

The Bath & Body Works segment sells personal care, soaps, sanitizers and home fragrance products under the Bath & Body Works, White Barn Candle Company, C.O. Bigelow and other brand names. Bath & Body Works merchandise is sold at retail stores located in the U.S. and Canada and through its website, *www.BathandBodyWorks.com.*

The Victoria's Secret and Bath & Body Works International segment includes the Victoria's Secret and Bath & Body Works company-owned and franchised stores located outside of the United States and Canada. These businesses include the following:

- Victoria's Secret Beauty and Accessories stores operated by partners under franchise or wholesale agreements, which feature Victoria's Secret branded beauty and accessories products;
- Victoria's Secret International full assortment stores, comprised of company-owned stores in the U.K., as well as stores operated by partners under franchise agreements; and
- Bath & Body Works International stores operated by partners under franchise agreements.

Other consists of the following:

- Mast Global, a merchandise sourcing and production function serving the Company and its international partners;
- La Senza, comprised of company-owned stores in Canada, as well as stores operated by partners under franchise and licensing agreements, which feature women's intimate apparel;
- Henri Bendel, operator of 29 specialty stores, which feature handbags, jewelry and accessories; and
- Corporate functions including non-core real estate, equity investments and other governance functions such as treasury and tax.

The following table provides the Company's segment information for the third quarter and year-to-date 2014 and 2013:

	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
			(in millions)		
2014					
Third Quarter:					
Net Sales	$ 1,452	$ 660	$ 79	$ 128	$ 2,319
Operating Income (Loss)	191	93	17	(17)	284
Year-to-Date:					
Net Sales	$ 4,801	$ 1,946	$ 230	$ 408	$ 7,385
Operating Income (Loss)	762	288	49	(103)	996
2013					
Third Quarter:					
Net Sales	$ 1,373	$ 607	$ 60	$ 131	$ 2,171
Operating Income (Loss)	151	72	10	(22)	211
Year-to-Date:					
Net Sales	$ 4,582	$ 1,835	$ 147	$ 391	$ 6,955
Operating Income (Loss)	690	252	22	(84)	880

The Company's international sales include sales from company-owned stores, royalty revenue from franchise arrangements, wholesale revenues and direct sales shipped internationally. The Company's international sales across all segments totaled $304 million and $284 million for the third quarter of 2014 and 2013, respectively. The Company's international sales totaled $938 million and $820 million for year-to-date 2014 and 2013, respectively.

15. Subsequent Events

Subsequent to November 1, 2014, the Company entered into an agreement with Sycamore Partners to divest its remaining ownership interest in the third-party apparel sourcing business. The closing of the sale is expected to occur in February 2015 and is contingent upon certain conditions, including the absence of material adverse conditions that may arise prior to closing. For additional information, see Note 6, “Equity Investments and Other.”

Subsequent to November 1, 2014 the Company repaid the remaining $213 million of its 5.25% Senior Unsecured Notes due November 2014 with cash on hand. See Note 8, “Long-term Debt.”

Subsequent to November 1, 2014, the Company terminated cross-currency swaps of CAD$200 million related to the intercompany loans maturing in 2015 and 2017. For additional information, see Note 9, "Derivative Instruments."

16. Supplemental Guarantor Financial Information

The Company’s 2019 Notes, 2020 Notes, 2021 Notes, 2022 Notes and 2023 Notes are jointly and severally guaranteed on a full and unconditional basis by certain of the Company’s 100% owned subsidiaries. The Company is a holding company, and its most significant assets are the stock of its subsidiaries. The Guarantors represent: (a) substantially all of the sales of the Company’s domestic subsidiaries, (b) more than 90% of the assets owned by the Company’s domestic subsidiaries, other than real property, certain other assets and intercompany investments and balances and (c) more than 95% of the accounts receivable and inventory directly owned by the Company’s domestic subsidiaries.

The following supplemental financial information sets forth for the Company and its guarantor and non-guarantor subsidiaries: the Condensed Consolidating Balance Sheets as of November 1, 2014, February 1, 2014 and November 2, 2013 and the Condensed Consolidating Statements of Income, Comprehensive Income and Cash Flows for the periods ended November 1, 2014 and November 2, 2013.

L BRANDS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
(in millions)
(Unaudited)

	November 1, 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ —	$ 516	$ 229	$ —	$ 745
Accounts Receivable, Net	3	206	65	—	274
Inventories	—	1,290	195	—	1,485
Deferred Income Taxes	—	44	(13)	—	31
Other	—	177	137	—	314
Total Current Assets	3	2,233	613	—	2,849
Property and Equipment, Net	—	1,400	881	—	2,281
Goodwill	—	1,318	—	—	1,318
Trade Names and Other Intangible Assets, Net	—	411	—	—	411
Net Investments in and Advances to/from Consolidated Affiliates	4,392	15,401	1,276	(21,069)	—
Other Assets	184	19	699	(612)	290
Total Assets	$ 4,579	$ 20,782	$ 3,469	$ (21,681)	$ 7,149
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ —	$ 484	$ 353	$ —	$ 837
Accrued Expenses and Other	81	410	244	—	735
Current Portion of Long-term Debt	213	—	—	—	213
Income Taxes	—	—	14	—	14
Total Current Liabilities	294	894	611	—	1,799
Deferred Income Taxes	(4)	(21)	253	—	228
Long-term Debt	4,759	597	—	(597)	4,759
Other Long-term Liabilities	1	594	215	(14)	796
Total Equity (Deficit)	(471)	18,718	2,390	(21,070)	(433)
Total Liabilities and Equity (Deficit)	$ 4,579	$ 20,782	$ 3,469	$ (21,681)	$ 7,149

L BRANDS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
(in millions)

	February 1, 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ —	$ 1,353	$ 166	$ —	$ 1,519
Accounts Receivable, Net	—	173	71	—	244
Inventories	—	966	199	—	1,165
Deferred Income Taxes	—	44	(16)	—	28
Other	—	105	89	—	194
Total Current Assets	—	2,641	509	—	3,150
Property and Equipment, Net	—	1,197	848	—	2,045
Goodwill	—	1,318	—	—	1,318
Trade Names and Other Intangible Assets, Net	—	411	—	—	411
Net Investments in and Advances to/from Consolidated Affiliates	4,468	14,065	1,099	(19,632)	—
Other Assets	186	19	680	(611)	274
Total Assets	$ 4,654	$ 19,651	$ 3,136	$ (20,243)	$ 7,198
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ 3	$ 316	$ 280	$ —	$ 599
Accrued Expenses and Other	86	410	291	—	787
Current Portion of Long-term Debt	215	—	—	—	215
Income Taxes	(1)	176	50	—	225
Total Current Liabilities	303	902	621	—	1,826
Deferred Income Taxes	(4)	(27)	241	—	210
Long-term Debt	4,761	597	—	(597)	4,761
Other Long-term Liabilities	3	581	201	(15)	770
Total Equity (Deficit)	(409)	17,598	2,073	(19,631)	(369)
Total Liabilities and Equity (Deficit)	$ 4,654	$ 19,651	$ 3,136	$ (20,243)	$ 7,198

L BRANDS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
(in millions)
(Unaudited)

	November 2, 2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ —	$ 282	$ 143	$ —	$ 425
Accounts Receivable, Net	1	165	79	—	245
Inventories	—	1,379	265	(1)	1,643
Deferred Income Taxes	—	40	(10)	—	30
Other	2	147	89	(1)	237
Total Current Assets	3	2,013	566	(2)	2,580
Property and Equipment, Net	—	1,220	858	—	2,078
Goodwill	—	1,318	—	—	1,318
Trade Names and Other Intangible Assets, Net	—	411	—	—	411
Net Investments in and Advances to/from Consolidated Affiliates	4,006	14,393	677	(19,076)	—
Other Assets	190	9	661	(611)	249
Total Assets	$ 4,199	$ 19,364	$ 2,762	$ (19,689)	$ 6,636
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ —	$ 466	$ 333	$ —	$ 799
Accrued Expenses and Other	61	400	241	—	702
Current Portion of Long-term Debt	216	—	—	—	216
Income Taxes	—	18	(1)	—	17
Total Current Liabilities	277	884	573	—	1,734
Deferred Income Taxes	(4)	(8)	206	—	194
Long-term Debt	4,762	597	—	(597)	4,762
Other Long-term Liabilities	3	570	207	(14)	766
Total Equity (Deficit)	(839)	17,321	1,776	(19,078)	(820)
Total Liabilities and Equity (Deficit)	$ 4,199	$ 19,364	$ 2,762	$ (19,689)	$ 6,636

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(in millions)
(Unaudited)

	Third Quarter 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$ 2,156	$ 836	$ (673)	$ 2,319
Costs of Goods Sold, Buying and Occupancy	—	(1,364)	(653)	645	(1,372)
Gross Profit	—	792	183	(28)	947
General, Administrative and Store Operating Expenses	(1)	(578)	(113)	29	(663)
Operating Income (Loss)	(1)	214	70	1	284
Interest Expense	(80)	(6)	(2)	8	(80)
Other Income	—	—	1	—	1
Income (Loss) Before Income Taxes	(81)	208	69	9	205
Provision for Income Taxes	—	47	26	—	73
Equity in Earnings (Loss), Net of Tax	213	64	7	(284)	—
Net Income (Loss)	$ 132	$ 225	$ 50	$ (275)	$ 132

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Third Quarter 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$ 132	$ 225	$ 50	$ (275)	$ 132
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	(13)	—	(13)
Foreign Currency Translation	—	—	3	—	3
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	16	—	16
Total Other Comprehensive Income, Net of Tax	—	—	6	—	6
Total Comprehensive Income (Loss)	$ 132	$ 225	$ 56	$ (275)	$ 138

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(in millions)
(Unaudited)

	Third Quarter 2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$ 2,026	$ 845	$ (700)	$ 2,171
Costs of Goods Sold, Buying and Occupancy	—	(1,319)	(664)	669	(1,314)
Gross Profit	—	707	181	(31)	857
General, Administrative and Store Operating Expenses	(1)	(569)	(106)	30	(646)
Operating Income (Loss)	(1)	138	75	(1)	211
Interest Expense	(76)	(7)	(2)	9	(76)
Other Income	—	—	7	—	7
Income (Loss) Before Income Taxes	(77)	131	80	8	142
Provision for Income Taxes	—	27	23	—	50
Equity in Earnings (Loss), Net of Tax	169	(23)	(88)	(58)	—
Net Income (Loss)	$ 92	$ 81	$ (31)	$ (50)	$ 92

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Third Quarter 2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$ 92	$ 81	$ (31)	$ (50)	$ 92
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	(2)	—	(2)
Foreign Currency Translation	—	—	5	—	5
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	3	—	3
Total Other Comprehensive Income (Loss), Net of Tax	—	—	6	—	6
Total Comprehensive Income (Loss)	$ 92	$ 81	$ (25)	$ (50)	$ 98

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(in millions)
(Unaudited)

	Year-to-Date 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$ 6,788	$ 2,510	$ (1,913)	$ 7,385
Costs of Goods Sold, Buying and Occupancy	—	(4,239)	(2,002)	1,829	(4,412)
Gross Profit	—	2,549	508	(84)	2,973
General, Administrative and Store Operating Expenses	(5)	(1,723)	(336)	87	(1,977)
Operating Income (Loss)	(5)	826	172	3	996
Interest Expense	(246)	(21)	(6)	27	(246)
Other Income	—	—	6	—	6
Income (Loss) Before Income Taxes	(251)	805	172	30	756
Provision for Income Taxes	(1)	165	115	—	279
Equity in Earnings (Loss), Net of Tax	727	347	257	(1,331)	—
Net Income (Loss)	$ 477	$ 987	$ 314	$ (1,301)	$ 477

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Year-to-Date 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$ 477	$ 987	$ 314	$ (1,301)	$ 477
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	(5)	—	(5)
Foreign Currency Translation	—	—	—	—	—
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	3	—	3
Total Other Comprehensive Income (Loss), Net of Tax	—	—	(2)	—	(2)
Total Comprehensive Income (Loss)	$ 477	$ 987	$ 312	$ (1,301)	$ 475

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(in millions)
(Unaudited)

	Year-to-Date 2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Sales	$ —	$ 6,385	$ 2,386	$ (1,816)	$ 6,955
Costs of Goods Sold, Buying and Occupancy	—	(3,980)	(1,923)	1,735	(4,168)
Gross Profit	—	2,405	463	(81)	2,787
General, Administrative and Store Operating Expenses	(4)	(1,682)	(304)	83	(1,907)
Operating Income (Loss)	(4)	723	159	2	880
Interest Expense	(232)	(19)	(8)	27	(232)
Other Income	—	—	11	—	11
Income (Loss) Before Income Taxes	(236)	704	162	29	659
Provision for Income Taxes	—	130	116	—	246
Equity in Earnings (Loss), Net of Tax	649	297	225	(1,171)	—
Net Income (Loss)	$ 413	$ 871	$ 271	$ (1,142)	$ 413

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Year-to-Date 2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Income (Loss)	$ 413	$ 871	$ 271	$ (1,142)	$ 413
Other Comprehensive Income (Loss), Net of Tax:					
Reclassification of Cash Flow Hedges to Earnings	—	—	(21)	—	(21)
Foreign Currency Translation	—	—	17	—	17
Unrealized Gain (Loss) on Cash Flow Hedges	—	—	19	—	19
Total Other Comprehensive Income (Loss), Net of Tax	—	—	15	—	15
Total Comprehensive Income (Loss)	$ 413	$ 871	$ 286	$ (1,142)	$ 428

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Year-to-Date 2014				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ (260)	$ 435	$ 195	$ —	$ 370
Investing Activities:					
Capital Expenditures	—	(426)	(159)	—	(585)
Other Investing Activities	—	—	15	—	15
Net Cash Used for Investing Activities	—	(426)	(144)	—	(570)
Financing Activities:					
Borrowings from Revolving Facility	—	—	5	—	5
Repayments on Revolving Facility	—	—	(5)	—	(5)
Repurchase of Common Stock	(48)	—	—	—	(48)
Dividends Paid	(591)	—	—	—	(591)
Excess Tax Benefits from Share-based Compensation	—	35	6	—	41
Net Financing Activities and Advances to/from Consolidated Affiliates	876	(881)	5	—	—
Proceeds from Exercise of Stock Options and Other	28	—	—	—	28
Financing Costs	(5)	—	—	—	(5)
Net Cash Provided by (Used for) Financing Activities	260	(846)	11	—	(575)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	—	—	1	—	1
Net Increase (Decrease) in Cash and Cash Equivalents	—	(837)	63	—	(774)
Cash and Cash Equivalents, Beginning of Period	—	1,353	166	—	1,519
Cash and Cash Equivalents, End of Period	$ —	$ 516	$ 229	$ —	$ 745

L BRANDS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Year-to-Date 2013				
	L Brands, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated L Brands, Inc.
Net Cash Provided by (Used for) Operating Activities	$ (253)	$ 164	$ 58	$ —	$ (31)
Investing Activities:					
Capital Expenditures	—	(417)	(181)	—	(598)
Return of Capital from Third-party Apparel Sourcing Investment	—	—	46	—	46
Other Investing Activities	—	—	3	—	3
Net Cash Used for Investing Activities	—	(417)	(132)	—	(549)
Financing Activities:					
Proceeds from Long-term Debt, Net of Issuance Costs	495	—	—	—	495
Borrowings from Revolving Facility	290	—	—	—	290
Repayments on Revolving Facility	(290)	—	—	—	(290)
Repurchase of Common Stock	(55)	—	—	—	(55)
Dividends Paid	(261)	—	—	—	(261)
Excess Tax Benefits from Share-based Compensation	—	25	6	—	31
Net Financing Activities and Advances to/from Consolidated Affiliates	52	93	(145)	—	—
Proceeds from Exercise of Stock Options and Other	22	—	—	—	22
Net Cash Provided by (Used for) Financing Activities	253	118	(139)	—	232
Effects of Exchange Rate Changes on Cash and Cash Equivalents	—	—	—	—	—
Net Decrease in Cash and Cash Equivalents	—	(135)	(213)	—	(348)
Cash and Cash Equivalents, Beginning of Period	—	417	356	—	773
Cash and Cash Equivalents, End of Period	$ —	$ 282	$ 143	$ —	$ 425

Review Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of L Brands, Inc.:

We have reviewed the consolidated balance sheets of L Brands, Inc. and subsidiaries (the "Company") as of November 1, 2014 and November 2, 2013, and the related consolidated statements of income, comprehensive income and cash flows for the thirteen and thirty-nine week periods ended November 1, 2014 and November 2, 2013. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of L Brands, Inc. and subsidiaries as of February 1, 2014, and the related consolidated statements of income, comprehensive income, total equity (deficit), and cash flows for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated March 21, 2014. In our opinion, the accompanying consolidated balance sheet of L Brands, Inc. and subsidiaries as of February 1, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Columbus, Ohio
December 5, 2014

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION ACT OF 1995

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

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

- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, health hazards, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- the dependence on a high volume of mall traffic and the availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand into global markets and related risks;
- our relationships with independent licensees and franchisees;
- our direct channel businesses;
- our failure to protect our reputation and our brand images;
- our failure to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry generally and the segments in which we operate particularly;
- consumer acceptance of our products and our ability to keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
  - political instability;
  - duties, taxes and other charges;
  - legal and regulatory matters;
  - volatility in currency exchange rates;
  - local business practices and political issues;
  - potential delays or disruptions in shipping and transportation and related pricing impacts;
  - disruption due to labor disputes; and
  - changing expectations regarding product safety due to new legislation;
- fluctuations in foreign currency exchange rates;
- stock price volatility;
- our failure to maintain our credit rating;
- our ability to service or refinance our debt;
- our ability to retain key personnel;
- our ability to attract, develop and retain qualified employees and manage labor costs;
- the inability of our manufacturers to deliver products in a timely manner and meet quality standards;
- fluctuations in product input costs;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems and to protect associated data;
- our failure to maintain the security of customer, associate, supplier or company information;
- our failure to comply with regulatory requirements;
- tax matters; and
- legal and compliance matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this report to reflect circumstances existing after the date of this report or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in "Item 1A. Risk Factors" in our 2013 Annual Report on Form 10-K.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The following information should be read in conjunction with our financial statements and the related notes included in Item 1. Financial Statements.

Executive Overview

In the third quarter of 2014, our operating income increased $73 million, or 35%, to $284 million, and our operating income rate increased significantly to 12.3% from 9.7%. Net sales increased $148 million to $2.319 billion, and comparable store sales increased 5%. At Victoria's Secret, net sales increased 6%, and operating income increased 27%. At Bath & Body Works, net sales increased 9%, and operating income increased 30%. At Victoria's Secret and Bath & Body Works International, net sales increased 32%, and operating income increased 60%. For additional information related to our third quarter 2014 financial performance, see "Results of Operations."

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

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

Company-Owned Store Data

The following table compares the third quarter of 2014 store data to the third quarter of 2013 and year-to-date 2014 store data to year-to-date 2013:

	Third Quarter			Year-to-Date		
	2014	2013	% Change	2014	2013	% Change
Sales per Average Selling Square Foot						
Victoria's Secret U.S.	$ 172	$ 168	2 %	$ 556	$ 550	1%
Bath & Body Works U.S.	152	140	9 %	449	426	5%
Sales per Average Store (in thousands)						
Victoria's Secret U.S.	$ 1,036	$ 1,011	2 %	$ 3,361	$ 3,310	2%
Bath & Body Works U.S.	358	331	8 %	1,061	1,006	5%
Average Store Size (selling square feet)						
Victoria's Secret U.S.	6,065	5,992	1 %			
Bath & Body Works U.S.	2,358	2,361	— %			
Total Selling Square Feet (in thousands)						
Victoria's Secret U.S.	6,647	6,351	5 %			
Bath & Body Works U.S.	3,681	3,698	— %			

The following table compares third quarter of 2014 company-owned store data to the third quarter of 2013 and year-to-date 2014 store data to year-to-date 2013:

	Third Quarter		Year-to-Date	
Number of Stores (a)	2014	2013	2014	2013
Victoria's Secret U.S.				
Beginning of Period	1,075	1,035	1,060	1,019
Opened	23	28	41	51
Closed	(2)	(3)	(5)	(10)
End of Period	1,096	1,060	1,096	1,060
Victoria's Secret Canada				
Beginning of Period	38	27	34	26
Opened	2	4	6	5
Closed	—	—	—	—
End of Period	40	31	40	31
Bath & Body Works U.S.				
Beginning of Period	1,555	1,565	1,559	1,571
Opened	9	5	13	6
Closed	(3)	(4)	(11)	(11)
End of Period	1,561	1,566	1,561	1,566
Bath & Body Works Canada				
Beginning of Period	85	77	79	71
Opened	3	2	10	8
Closed	—	—	(1)	—
End of Period	88	79	88	79
Victoria's Secret U.K.				
Beginning of Period	7	2	5	2
Opened	2	3	4	3
Closed	—	—	—	—
End of Period	9	5	9	5
La Senza				
Beginning of Period	153	157	157	158
Opened	—	—	—	—
Closed	(5)	—	(9)	(1)
End of Period	148	157	148	157
Henri Bendel				
Beginning of Period	29	29	29	29
Opened	—	—	—	—
Closed	—	—	—	—
End of Period	29	29	29	29
Total				
Beginning of Period	2,942	2,892	2,923	2,876
Opened	39	42	74	73
Closed	(10)	(7)	(26)	(22)
End of Period	2,971	2,927	2,971	2,927

(a) Number of stores excludes independently owned Victoria's Secret, Bath & Body Works and La Senza stores operated by licensees and franchisees.

Franchise Store Data

The following table compares the third quarter of 2014 franchise store data to the third quarter of 2013 and year-to-date 2014 store data to year-to-date 2013:

	Third Quarter		Year-to-Date	
Number of Stores	2014	2013	2014	2013
Victoria’s Secret Beauty & Accessories				
Beginning of Period	230	143	198	108
Opened	20	17	54	54
Closed	(5)	(1)	(7)	(3)
End of Period	245	159	245	159
Victoria's Secret International (Full Assortment)				
Beginning of Period	8	3	4	3
Opened	—	1	4	1
Closed	—	—	—	—
End of Period	8	4	8	4
Bath & Body Works International				
Beginning of Period	66	45	55	38
Opened	2	3	13	10
Closed	(1)	—	(1)	—
End of Period	67	48	67	48
La Senza International				
Beginning of Period	307	338	331	339
Opened	1	5	3	24
Closed	(40)	(9)	(66)	(29)
End of Period	268	334	268	334
Total				
Beginning of Period	611	529	588	488
Opened	23	26	74	89
Closed	(46)	(10)	(74)	(32)
End of Period	588	545	588	545

Segment Reporting Change

In the first quarter of 2014, we announced a change in our reportable segments. Results from company-owned Victoria's Secret and Bath & Body Works stores in Canada were reclassified from Other into the corresponding Victoria's Secret and Bath & Body Works segments. Additionally, a new segment called Victoria's Secret and Bath & Body Works International was created which includes the Victoria's Secret and Bath & Body Works company-owned and franchised stores outside of the United States and Canada. Therefore, beginning in 2014, we have three reportable segments: Victoria’s Secret, Bath & Body Works and Victoria's Secret and Bath & Body Works International. While this reporting change did not impact our consolidated results, the segment data has been recast to be consistent for all periods presented throughout the financial statements and accompanying footnotes and Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Third Quarter of 2014 Compared to Third Quarter of 2013

Operating Income

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

			Operating Income Rate	
Third Quarter	2014	2013	2014	2013
	(in millions)			
Victoria's Secret	$ 191	$ 151	13.2 %	11.0 %
Bath & Body Works	93	72	14.2 %	11.8 %
Victoria's Secret and Bath & Body Works International	17	10	20.1 %	16.8 %
Other (a)	(17)	(22)	(13.2)%	(16.4)%
Total Operating Income	$ 284	$ 211	12.3 %	9.7 %

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

For the third quarter of 2014, operating income increased $73 million, or 35%, to $284 million, and the operating income rate increased to 12.3% from 9.7%. The drivers of the operating income results are discussed in the following sections.

Net Sales

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

Third Quarter	2014	2013	% Change
	(in millions)		
Victoria's Secret Stores (a)	$ 1,177	$ 1,104	7 %
Victoria's Secret Direct	275	269	2 %
Total Victoria's Secret	1,452	1,373	6 %
Bath & Body Works Stores (a)	603	558	8 %
Bath & Body Works Direct	57	49	16 %
Total Bath & Body Works	660	607	9 %
Victoria's Secret and Bath & Body Works International (b)	79	60	32 %
Other (c)	128	131	(2)%
Total Net Sales	$ 2,319	$ 2,171	7 %

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

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

Third Quarter	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
			(in millions)		
2013 Net Sales	$ 1,373	$ 607	$ 60	$ 131	$ 2,171
Comparable Store Sales	30	36	1	4	71
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	46	11	5	(3)	59
Foreign Currency Translation	(3)	(2)	—	(3)	(8)
Direct Channels	6	8	—	1	15
International Wholesale, Royalty and Other	—	—	13	(2)	11
2014 Net Sales	$ 1,452	$ 660	$ 79	$ 128	$ 2,319

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

Third Quarter	2014	2013
Victoria's Secret Stores (a) (b)	3%	4%
Bath & Body Works (a) (b)	7%	2%
Total Comparable Store Sales (b) (c)	5%	3%

____

(a) Results include company-owned stores in the United States and Canada.

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

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

The results by segment are as follows:

Victoria's Secret

For the third quarter of 2014, net sales increased $79 million to $1.452 billion, and comparable store sales increased 3%. The net sales result was primarily driven by:

- At Victoria's Secret Stores, net sales increased 7% due to increases across most categories including PINK and core lingerie, driven by a compelling merchandise assortment that incorporated newness, innovation and fashion, as well as in-store execution.
- At Victoria's Secret Direct, net sales increased 2% due to increases in core lingerie, PINK and sport, partially offset by the decrease in non go-forward apparel. We are shifting our focus to the core categories of the brand including lingerie, PINK and beauty. As a result, net sales in the apparel category are declining as we reduce style counts and related inventory.

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

Bath & Body Works

For the third quarter of 2014, net sales increased $53 million to $660 million, and comparable store sales increased 7%. At both Bath & Body Works Stores and Bath & Body Works Direct, net sales increased across most categories including home fragrance, Signature Collection and soaps and sanitizers, which all incorporated newness and innovation.

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

Victoria's Secret and Bath & Body Works International

For the third quarter of 2014, net sales increased $19 million to $79 million primarily related to the opening of new company-owned Victoria's Secret stores in the U.K. and additional stores opened by our partners.

Other

For the third quarter of 2014, net sales were roughly flat to last year.

Gross Profit

For the third quarter of 2014, our gross profit increased $90 million to $947 million, and our gross profit rate (expressed as a percentage of net sales) increased to 40.8% from 39.5%, primarily driven by:

Victoria's Secret

For the third quarter of 2014, the gross profit increase was primarily driven by:

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

The gross profit rate increase was driven by an increase in the merchandise margin rate at Victoria's Secret Stores due to the decreased promotional activity as well as a decrease in the buying and occupancy expense rate at Victoria's Secret Direct due to leverage driven by the lower costs.

Bath & Body Works

For the third quarter of 2014, the gross profit increase was primarily driven by:

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

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

Victoria's Secret and Bath & Body Works International

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

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

General, Administrative and Store Operating Expenses

For the third quarter of 2014, our general, administrative and store operating expenses increased $17 million to $663 million primarily driven by an increase in store selling expenses related to higher sales volumes and increased international expansion.

The general, administrative and store operating expense rate decreased to 28.6% from 29.7% primarily due to leverage associated with higher sales.

Other Income and Expense

Interest Expense

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

Third Quarter	2014	2013
Average daily borrowings (in millions)	$ 4,963	$ 4,571
Average borrowing rate (in percentages)	6.55%	6.80%

For the third quarter of 2014, our interest expense increased $4 million to $80 million primarily due to an increase in average borrowings related to the October 2013 $500 million note issuance, partially offset by a decrease in the average borrowing rate.

Other Income

For the third quarter of 2014, our other income decreased $6 million to $1 million primarily driven by foreign currency transaction losses as well as a decrease in equity method income from our investment in the third-party apparel sourcing business.

Provision for Income Taxes

For the third quarter of 2014, our effective tax rate was 35.5% compared to 35.0% in the third quarter of 2013. The third quarter 2014 and 2013 rates were lower than the Company's combined statutory federal and state rates primarily due to the resolution of certain tax matters.

Year-to-Date 2014 Compared to Year-to-Date 2013

Operating Income

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

			Operating Income Rate	
	2014	2013	2014	2013
Year-to-Date	(in millions)			
Victoria's Secret	$ 762	$ 690	15.9 %	15.1 %
Bath & Body Works	288	252	14.8 %	13.7 %
Victoria's Secret and Bath & Body Works International	49	22	21.1 %	14.8 %
Other (a)	(103)	(84)	(25.2)%	(21.3)%
Total Operating Income	$ 996	$ 880	13.5 %	12.7 %

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

For year-to-date 2014, operating income increased $116 million, or 13%, to $996 million, and the operating income rate increased to 13.5% from 12.7%. The drivers of the operating income results are discussed in the following sections.

Net Sales

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

	2014	2013	% Change
Year-to-Date	(in millions)		
Victoria's Secret Stores (a)	$ 3,786	$ 3,570	6%
Victoria's Secret Direct	1,015	1,012	—%
Total Victoria's Secret	4,801	4,582	5%
Bath & Body Works Stores (a)	1,771	1,686	5%
Bath & Body Works Direct	175	149	17%
Total Bath & Body Works	1,946	1,835	6%
Victoria's Secret and Bath & Body Works International (b)	230	147	56%
Other (c)	408	391	4%
Total Net Sales	$ 7,385	$ 6,955	6%

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

The following table provides a reconciliation of net sales for year-to-date 2014 in comparison to year-to-date 2013:

Year-to-Date	Victoria's Secret	Bath & Body Works	Victoria's Secret and Bath & Body Works International	Other	Total
			(in millions)		
2013 Net Sales	$ 4,582	$ 1,835	$ 147	$ 391	$ 6,955
Comparable Store Sales	87	66	10	5	168
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	137	26	23	(4)	182
Foreign Currency Translation	(8)	(7)	4	(11)	(22)
Direct Channels	3	26	—	4	33
International Wholesale, Royalty and Other	—	—	46	23	69
2014 Net Sales	$ 4,801	$ 1,946	$ 230	$ 408	$ 7,385

The following table compares year-to-date 2014 comparable store sales to year-to-date 2013:

Year-to-Date	2014	2013
Victoria's Secret Stores (a) (b)	3%	2%
Bath & Body Works (a) (b)	4%	3%
Total Comparable Store Sales (b) (c)	3%	3%

(a) Results include company-owned stores in the United States and Canada.

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

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

The results by segment are as follows:

Victoria's Secret

For year-to-date 2014, net sales increased $219 million to $4.801 billion, and comparable store sales increased 3%. The net sales result was primarily driven by:

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

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

Bath & Body Works

For year-to-date 2014, net sales increased $111 million to $1.946 billion, and comparable store sales increased 4%. At both Bath & Body Works Stores and Bath & Body Works Direct, net sales increased across most categories including home fragrance, Signature Collection and soaps and sanitizers, which all incorporated newness and innovation.

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

Victoria's Secret and Bath & Body Works International

For year-to-date 2014, net sales increased $83 million to $230 million primarily related to the opening of new company-owned Victoria's Secret stores in the U.K. and additional stores opened by our partners.

Other

For year-to-date 2014, net sales increased $17 million to $408 million primarily related to higher revenue from sales of merchandise to our international partners from Mast Global.

Gross Profit

For year-to-date 2014, our gross profit increased $186 million to $2.973 billion and our gross profit rate (expressed as a percentage of net sales) was flat to last year, primarily driven by:

Victoria's Secret

For year-to-date 2014, the gross profit increase was primarily driven by:

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

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

Bath & Body Works

For year-to-date 2014, the gross profit increase was primarily driven by:

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

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

Victoria's Secret and Bath & Body Works International

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

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

Other

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

General, Administrative and Store Operating Expenses

For year-to-date 2014, our general, administrative and store operating expenses increased $70 million to $1.977 billion primarily driven by an increase in store selling expenses related to higher sales volumes and increased international expansion.

The general, administrative and store operating expense rate decreased to 26.8% from 27.4% due to leverage associated with higher sales.

Other Income and Expense

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for year-to-date 2014 and 2013:

Third Quarter	2014	2013
Average daily borrowings (in millions)	$ 4,964	$ 4,499
Average borrowing rate (in percentages)	6.62%	6.88%

For year-to-date 2014, our interest expense increased $14 million to $246 million primarily due to an increase in average borrowings related to the October 2013 $500 million note issuance, partially offset by a decrease in the average borrowing rate.

Other Income

For year-to-date 2014, our other income decreased $5 million to $6 million primarily driven by a decrease in equity method income from our investment in the third-party apparel sourcing business and certain of our investments in Easton.

Provision for Income Taxes

For year-to-date 2014, our effective tax rate was 36.9% compared to 37.3% year-to-date 2013. The year-to-date 2014 and 2013 rates were lower than the Company's combined federal and state rates primarily due to the resolution of certain tax matters.

FINANCIAL CONDITION

Liquidity and Capital Resources

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

We believe in returning value to our shareholders through a combination of dividends and share repurchase programs. During 2014, we have paid $591 million in regular and special dividends and repurchased $48 million of our common stock. We use cash flow generated from operating activities and financing activities to fund our dividends and share repurchase programs.

Our total cash and cash equivalents held by foreign subsidiaries were $227 million as of November 1, 2014. Under current tax laws and regulations, if cash and cash equivalents held outside the U.S. are repatriated to the U.S., in certain circumstances we may be subject to additional income taxes.

The following table provides our long-term debt balance as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Senior Unsecured Debt with Subsidiary Guarantee			
$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 (“2022 Notes”)	$ 1,000	$ 1,000	$ 1,000
$1 billion, 6.625% Fixed Interest Rate Notes due April 2021 (“2021 Notes”)	1,000	1,000	1,000
$500 million, 5.625% Fixed Interest Rate Notes due October 2023 (“2023 Notes”)	500	500	500
$500 million, 8.50% Fixed Interest Rate Notes due June 2019, Less Unamortized Discount (“2019 Notes”)(a)	495	494	493
$400 million, 7.00% Fixed Interest Rate Notes due May 2020 (“2020 Notes”)	400	400	400
Total Senior Unsecured Debt with Subsidiary Guarantee	$ 3,395	$ 3,394	$ 3,393
Senior Unsecured Debt			
$700 million, 6.90% Fixed Interest Rate Notes due July 2017, Less Unamortized Discount (“2017 Notes”)(b)	$ 715	$ 718	$ 720
$350 million, 6.95% Fixed Interest Rate Debentures due March 2033, Less Unamortized Discount (“2033 Notes”)	350	350	350
$300 million, 7.60% Fixed Interest Rate Notes due July 2037, Less Unamortized Discount (“2037 Notes”)	299	299	299
5.25% Fixed Interest Rate Notes due November 2014, Less Unamortized Discount (“2014 Notes”)(c)	213	215	216
Total Senior Unsecured Debt	$ 1,577	$ 1,582	$ 1,585
Total	$ 4,972	$ 4,976	$ 4,978
Current Portion of Long-term Debt	(213)	(215)	(216)
Total Long-term Debt	$ 4,759	$ 4,761	$ 4,762

(a) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $3 million as of November 1, 2014, $2 million as of February 1, 2014 and $3 million as of November 2, 2013.

(b) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $15 million as of November 1, 2014, $19 million as of February 1, 2014 and $21 million as of November 2, 2013.

(c) The balances include a fair value interest rate hedge adjustment which increased the debt balance by $2 million as of February 1, 2014 and $3 million as of November 2, 2013. As of November 1, 2014 the interest rate hedge adjustment was fully amortized.

Issuance of Notes

In October 2013, we issued $500 million of 5.625% notes due in October 2023 utilizing an existing shelf registration under which debt securities, common and preferred stock and other securities can be issued. The 2023 Notes are jointly and severally guaranteed on a full and unconditional basis by certain of our 100% owned subsidiaries (such subsidiaries, "the Guarantors"). The proceeds from the issuance were $495 million, which were net of issuance costs of $5 million.

Repayment of Notes

Subsequent to November 1, 2014, we repaid the remaining $213 million of our 5.25% Senior Unsecured Notes due November 2014 with cash on hand.

Revolving Facility

In July 2014, we entered into an amendment and restatement (“Amendment”) of our secured revolving credit facility (“Revolving Facility”). The Amendment maintains the aggregate amount of the commitments of the lenders under the Revolving Facility at $1 billion and extends the termination date from July 15, 2016 to July 18, 2019. In addition, the Amendment allows certain of our non-U.S. subsidiaries to issue loans and obtain letters of credit in U.S. dollars, Canadian dollars or British pounds.

In addition, the Amendment reduced fees payable under the Revolving Facility which are based on our long-term credit ratings. The fees related to committed and unutilized amounts per year are 0.30% per annum, and the fees related to outstanding letters of credit are 1.50% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings and British pound borrowings is LIBOR plus 1.50%. The interest rate on outstanding Canadian dollar borrowings is Canadian Prime Rate plus 0.50% or Canadian Dollar Offered Rate ("CDOR") plus 1.50%.

We incurred fees related to the Amendment of the Revolving Facility of $5 million, which were capitalized and are being amortized over the remaining term of the Revolving Facility.

The Revolving Facility continues to contain fixed charge coverage and debt to EBITDA financial covenants. We are required to maintain a fixed charge coverage ratio of not less than 1.75 to 1.00 and a consolidated debt to consolidated EBITDA ratio not exceeding 4.00 to 1.00 for the most recent four-quarter period. In addition, the Revolving Facility provides that investments and restricted payments may be made, without limitation on amount, if (a) at the time of and after giving effect to such investment or restricted payment, the ratio of consolidated debt to consolidated EBITDA for the most recent four-quarter period is less than 3.00 to 1.00 and (b) no default or event of default exists. As of November 1, 2014, we were in compliance with both of its financial covenants. The ratio of consolidated debt to consolidated EBITDA was less than 3.00 to 1.00, and no default or event of default existed.

During the second quarter of 2014 and the third quarter of 2013, we borrowed and repaid $5 million and $290 million, respectively, under the Revolving Facility. The maximum daily amount outstanding at any point in time during the second quarter of 2014 and third quarter of 2013 was $5 million and $140 million, respectively.

As of November 1, 2014, there were no borrowings outstanding under the Revolving Facility.

Letters of Credit

The Revolving Facility supports our letter of credit program. We had $8 million of outstanding letters of credit as of November 1, 2014 that reduce our remaining availability under our Revolving Facility.

Fair Value Interest Rate Swap Arrangements

In July 2014, we entered into interest rate swap arrangements related to $100 million of the outstanding 2017 Notes and $100 million of the outstanding 2019 Notes. In 2013, we entered into interest rate swap arrangements related to $200 million of the outstanding 2017 Notes and $200 million of the outstanding 2019 Notes. The interest rate swap arrangements effectively convert the fixed interest rate on the related debt to a variable interest rate based on LIBOR plus a fixed percentage.

The swap arrangements are designated as fair value hedges. The changes in the fair value of the interest rate swaps have an equal and offsetting impact to the carrying value of the debt on the balance sheet. The differential to be paid or received on the interest rate swap arrangements is accrued and recognized as an adjustment to interest expense.

In the past, we entered into interest rate swap arrangements on the 2014 and 2017 Notes. In 2012, we terminated these interest rate designated fair value hedges. Both the carrying values of the 2014 and 2017 Notes include unamortized hedge settlements which are amortized as a reduction to interest expense through the respective maturity date of the Notes.

Working Capital and Capitalization

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

The following table provides a summary of our working capital position and capitalization as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Cash Provided by (Used for) Operating Activities (a)	$ 370	$ 1,248	$ (31)
Capital Expenditures (a)	585	691	598
Working Capital	1,050	1,324	846
Capitalization:			
Long-term Debt	4,759	4,761	4,762
Shareholders' Equity (Deficit)	(434)	(370)	(820)
Total Capitalization	$ 4,325	$ 4,391	$ 3,942
Remaining Amounts Available Under Credit Agreements (b)	$ 992	$ 992	$ 988

(a) The February 1, 2014 amounts represent a twelve-month period and the November 1, 2014 and November 2, 2013 amounts represent nine-month periods.

(b) Letters of credit issued reduce our remaining availability under the Revolving Facility. We have outstanding letters of credit that reduce our remaining availability under the Revolving Facility of $8 million as of November 1, 2014 and February 1, 2014 and $12 million as of November 2, 2013.

Credit Ratings

The following table provides our credit ratings as of November 1, 2014:

	Moody's	S&P	Fitch
Corporate	Ba1	BB+	BB+
Senior Unsecured Debt with Subsidiary Guarantee	Ba1	BB+	BB+
Senior Unsecured Debt	Ba2	BB-	BB
Outlook	Stable	Stable	Stable

Our borrowing costs under our Revolving Facility are linked to our credit ratings at Moody's, S&P and Fitch. If we receive an upgrade or downgrade to our corporate credit ratings by Moody's, S&P or Fitch, the borrowing costs could decrease or increase, respectively. The guarantees of our obligations under the Revolving Facility by the Guarantors and the security interests granted in our and the Guarantors' collateral securing such obligations are released if our credit ratings are higher than a certain level. Additionally, the restrictions imposed under the Revolving Facility on our ability to make investments and to make restricted payments cease to apply if our credit ratings are higher than certain levels. Credit rating downgrades by any of the agencies do not accelerate the repayment of any of our debt.

Common Stock Share Repurchases

Under the authority of our Board of Directors, we repurchased shares of our common stock under the following repurchase program during year-to-date 2014 and 2013:

Repurchase Program	Amount Authorized	Shares Repurchased		Amount Repurchased		Average Stock Price of Shares Repurchased within Program
		2014	2013	2014	2013	
	(in millions)	(in thousands)		(in millions)		
November 2012	$ 250	826	1,217	$ 45	$ 55	$ 48.52

The November 2012 repurchase program had $131 million remaining as of November 1, 2014. There were no share repurchases reflected in Accounts Payable on the November 1, 2014 or November 2, 2013 Consolidated Balance Sheets. There were $3 million share repurchases reflected in Accounts Payable on the February 1, 2014 Consolidated Balance Sheet.

The timing and amount of any repurchases will be made in our discretion taking into account a number of factors including market conditions.

We use cash flow generated from operating activities and financing activities to fund our share repurchase programs.

Dividend Policy and Procedures

Under the authority and declaration of our Board of Directors, we paid the following dividends during 2014 and 2013:

	Ordinary Dividends	Special Dividends	Total Dividends	Total Paid
		(per share)		(in millions)
2014				
Third Quarter	$ 0.34	$ —	$ 0.34	$ 100
Second Quarter	0.34	—	0.34	99
First Quarter	0.34	1.00	1.34	392
2014 Total	$ 1.02	$ 1.00	$ 2.02	$ 591
2013				
Third Quarter	$ 0.30	$ —	$ 0.30	$ 87
Second Quarter	0.30	—	0.30	87
First Quarter	0.30	—	0.30	87
2013 Total	$ 0.90	$ —	$ 0.90	$ 261

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

Cash Flow

The following table provides a summary of our cash flow activity for year-to-date 2014 and 2013:

	Year-to-Date	
	2014	2013
	(in millions)	
Cash and Cash Equivalents, Beginning of Period	$ 1,519	$ 773
Net Cash Flows Provided by (Used for) Operating Activities	370	(31)
Net Cash Flows Used for Investing Activities	(570)	(549)
Net Cash Flows Provided by (Used for) Financing Activities	(575)	232
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1	—
Net Decrease in Cash and Cash Equivalents	(774)	(348)
Cash and Cash Equivalents, End of Period	$ 745	$ 425

Operating Activities

Net cash provided by operating activities in 2014 was $370 million, including net income of $477 million. Net income included depreciation and amortization of $327 million, share-based compensation expense of $67 million and excess tax benefits from share-based compensation of $41 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 items in working capital were the seasonal increases in Inventories (and related increases in Accounts Payable) as we build our inventory levels in anticipation of the holiday season, which generates a substantial portion of our operating cash flow for the year. In addition, our Income Taxes Payable decrease was due to seasonal tax payments.

Net cash used for operating activities in 2013 was $31 million, including net income of $413 million and excess tax benefits from share-based compensation of $31 million. Net income included depreciation and amortization of $299 million and share-based compensation expense of $61 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 the seasonal increases in Inventories (and related increases in Accounts Payable) as we build our inventory levels in anticipation of the holiday season, which generates a substantial portion of our operating cash flow for the year. In addition, our Income Taxes Payable decrease was due to seasonal tax payments.

Investing Activities

Net cash used for investing activities in 2014 was $570 million consisting primarily of capital expenditures of $585 million. The capital expenditures included $468 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

Net cash used for investing activities in 2013 was $549 million consisting primarily of capital expenditures of $598 million partially offset by the return of capital from the third-party apparel sourcing business of $46 million. The capital expenditures included $489 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and infrastructure to support growth.

Financing Activities

Net cash used for financing activities in 2014 was $575 million consisting primarily of quarterly and special dividend payments aggregating to $2.02 per share, or $591 million, and repurchases of common stock of $48 million, partially offset by excess tax benefits from share-based compensation of $41 million and proceeds from the exercise of stock options of $28 million.

Net cash provided by financing activities in 2013 was $232 million consisting primarily of proceeds from the issuance of long-term debt of $495 million (net of issuance costs), excess tax benefits from share-based compensation of $31 million and proceeds from the exercise of stock options of $22 million. These were partially offset by quarterly dividend payments of $0.30 per share, or $261 million, and repurchases of common stock of $55 million.

Contingent Liabilities and Contractual Obligations

In connection with the disposition of certain businesses, we have remaining guarantees of approximately $29 million related to lease payments of Express, Limited Stores, Abercrombie & Fitch, Dick's Sporting Goods and New York & Company under the current terms of noncancelable leases expiring at various dates through 2018. These guarantees include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of the businesses. In certain instances, our guarantee may remain in effect if the term of a lease is extended.

Our guarantees related to Express, Limited Stores and New York & Company require fair value accounting in accordance with GAAP in effect at the time of these divestitures. The guaranteed lease payments related to Express, Limited Stores and New

York & Company totaled $14 million as of November 1, 2014, $22 million as of February 1, 2014 and $26 million as of November 2, 2013. The estimated fair value of these guarantee obligations was $1 million as of November 1, 2014 and February 1, 2014 and $2 million as of November 2, 2013, and is included in Other Long-term Liabilities on the Consolidated Balance Sheets.

Our guarantees related to Abercrombie & Fitch and Dick's Sporting Goods are not subject to fair value accounting, but require that a loss be accrued when probable and reasonably estimable based on GAAP in effect at the time of these divestitures. We have no liability recorded with respect to any of the guarantee obligations as we concluded that payments under these guarantees were not probable as of November 1, 2014, February 1, 2014 and November 2, 2013.

In connection with our investment in EG, an entity that owns and is developing a commercial shopping center in the Easton community, we, along with an unaffiliated member, provided a guarantee of interest, certain expenses and a completion guarantee on the construction of the commercial shopping center. Our estimated maximum potential loss from our involvement with EG totaled $45 million as of November 1, 2014, which includes our equity investment of $35 million and our estimated maximum potential loss from our guarantees related to EG's construction loan of $10 million. The estimated fair value of these guarantee obligations is not significant. We expect EG to obtain permanent financing, prior to maturity of the construction loan, following completion of construction of the commercial shopping center. For additional information, see Note 6, "Equity Investments and Other" and Note 12, "Commitments and Contingencies" to the Consolidated Financial Statements included in Item 1. Financial Statements.

Our contractual obligations primarily consist of long-term debt and the related interest payments, operating leases, purchase orders for merchandise inventory and other long-term obligations. These contractual obligations impact our short-term and long-term liquidity and capital resource needs. There have been no material changes in our contractual obligations since February 1, 2014. Additionally, certain of our contractual obligations may fluctuate during the normal course of business (primarily changes in our merchandise inventory-related purchase obligations which fluctuate throughout the year as a result of the seasonal nature of our operations).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires companies to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be effective beginning in fiscal 2017, and early adoption is not permitted. The standard allows for either a full retrospective or a modified retrospective transition method. We are currently evaluating the impact of this standard, including the transition method, on our consolidated results of operations, financial position and cash flows.

IMPACT OF INFLATION

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on the results of operations and financial condition have been minor.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies related to estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates its accounting policies, estimates and judgments, including those related to inventories, long-lived assets, claims and contingencies, income taxes and revenue recognition. Management bases our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

There have been no material changes to the critical accounting policies and estimates disclosed in our 2013 Annual Report on Form 10-K.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in foreign currency exchange rates or interest rates. We use derivative financial instruments like cross-currency swaps, forward contracts and interest rate swap arrangements to manage exposure to market risks. We do not use derivative financial instruments for trading purposes.

Foreign Exchange Rate Risk

We have operations in foreign countries which expose us to market risks associated with foreign currency exchange rate fluctuations. To mitigate the translation risk to our earnings and the fair value of our Canadian operations associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate, we entered into a series of cross-currency swaps related to Canadian dollar denominated intercompany loans. These cross-currency swaps require the periodic exchange of fixed rate Canadian dollar interest payments for fixed rate U.S. dollar interest payments as well as exchange of Canadian dollar and U.S. dollar principal payments upon maturity. The swap arrangements mature between 2015 and 2018 at the same time as the related loans. As a result of the Canadian dollar denominated intercompany loans and the related cross-currency swaps, we do not believe there is any material translation risk to our Canadian net earnings associated with fluctuations in the U.S. dollar-Canadian dollar exchange rate. Subsequent to November 1, 2014, we terminated a portion of these swap arrangements. For additional information, see Note 9, "Derivative Instruments."

In addition, our Canadian dollar and British pound denominated earnings are subject to exchange rate risk as substantially all of our merchandise sold in Canada and the U.K. is sourced through U.S. dollar transactions. Although we utilize foreign currency forward contracts to partially offset these risks, these measures may not succeed in offsetting all of the short-term impact of foreign currency rate movements and generally may not be effective in offsetting the long-term impact of sustained shifts in foreign currency rates.

Interest Rate Risk

Our investment portfolio primarily consists of interest-bearing instruments that are classified as cash and cash equivalents based on their original maturities. Our investment portfolio is maintained in accordance with our investment policy, which specifies permitted types of investments, specifies credit quality standards and maturity profiles and limits credit exposure to any single issuer. The primary objective of our investment activities are the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. Currently, our investment portfolio is comprised of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, highly rated commercial paper and bank deposits. Given the short-term nature and quality of investments in our portfolio, we do not believe there is any material risk to principal associated with increases or decreases in interest rates.

All of our long-term debt as of November 1, 2014 has fixed interest rates. We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. As of November 1, 2014, we have interest rate swap arrangements with notional amounts of $300 million related to a portion of our 2017 Notes and $300 million related to a portion of our 2019 Notes.

The effect of the interest rate swap arrangements is to convert the respective amount of debt from a fixed interest rate to a variable interest rate. The variable interest rate associated with these swap arrangements fluctuates based on changes in three-month LIBOR.

For the balance of our long-term debt that is not subject to interest rate swap arrangements, our exposure to interest rate changes is limited to the fair value of the debt issued, which would not have a material impact on our earnings or cash flows.

Fair Value of Financial Instruments

As of November 1, 2014, management believes that the carrying values of cash and cash equivalents, receivables and payables approximate fair value because of the short maturity of these financial instruments.

The following table provides a summary of the carrying value and fair value of long-term debt and swap arrangements as of November 1, 2014, February 1, 2014 and November 2, 2013:

	November 1, 2014	February 1, 2014	November 2, 2013
		(in millions)	
Long-term Debt:			
Carrying Value	$ 4,972	$ 4,976	$ 4,978
Fair Value, Estimated (a)	5,476	5,333	5,398
Cross-currency Swap Arrangements (b)	10	13	40
Fixed-to-Floating Interest Rate Swap Arrangements (b)	(5)	(5)	(5)

(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.

(b) Swap arrangements are in an (asset) liability position.

Concentration of Credit Risk

We maintain cash and cash equivalents and derivative contracts with various major financial institutions. We monitor the relative credit standing of financial institutions with whom we transact and limit the amount of credit exposure with any one entity. We also periodically review the relative credit standing of franchise, license and wholesale partners and other entities to which we grant credit terms in the normal course of business.

Item 4. 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 Securities and Exchange Commission 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.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting that occurred in the third quarter 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. 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.

In July 2009, a complaint was filed against our Company for patent infringement in the United States District Court for the Eastern District of Texas. The complaint sought monetary damages, costs, attorneys' fees and injunctive relief. In November 2011, a jury found in favor of the plaintiff and awarded damages of $9 million for infringement from 2007 through 2011, and the trial court awarded future royalty payments through 2015. In January 2013, we appealed the judgment in the Court of Appeals for the Federal Circuit. Shortly before our appeal was filed, the Court of Appeals ruled in another proceeding involving a different company that the plaintiff's patents were invalid. On January 14, 2014, the U.S. Supreme Court denied the plaintiff's petition to overturn that ruling. Based on this decision that the plaintiff's patents are invalid and on our other arguments, we believe our appeal should be granted.

Item 1A. RISK FACTORS

The risk factors that affect our business and financial results are discussed in "Item 1A: Risk Factors" in the 2013 Annual Report on Form 10-K. We wish to caution the reader that the risk factors discussed in "Item 1A: Risk Factors" in our 2013 Annual Report on Form 10-K and those described elsewhere in this report or other Securities and Exchange Commission filings, could cause actual results to differ materially from those stated in any forward-looking statements.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides our repurchases of our common stock during the third quarter of 2014:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Programs (c)	Maximum Number of Shares (or Approximate Dollar Value) that May Yet be Purchased Under the Programs (c)
	(in thousands)		(in thousands)	
August 2014	26	$ 63.89	—	$ 131,193
September 2014	11	65.70	—	131,193
October 2014	8	71.46	—	131,193
Total	45		—	

(a) The total number of shares repurchased includes shares repurchased as part of publicly announced programs, with the remainder relating to shares repurchased in connection with tax payments due upon vesting of employee restricted stock awards and the use of our stock to pay the exercise price on employee stock options.
(b) The average price paid per share includes any broker commissions.
(c) For additional share repurchase program information, see Note 3 to the Consolidated Financial Statements included in Item 1. Financial Statements.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibits

15	Letter re: Unaudited Interim Financial Information re: Incorporation of Report of Independent Registered Public Accounting Firm.
31.1	Section 302 Certification of CEO.
31.2	Section 302 Certification of CFO.
32	Section 906 Certification (by CEO and CFO).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

Pursuant to the requirements 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.

L BRANDS, INC.
(Registrant)

By: /s/ STUART B. BURGDOERFER
Stuart B. Burgdoerfer
Executive Vice President and Chief Financial Officer *

Date: December 5, 2014

* Mr. Burgdoerfer is the principal financial officer and the principal accounting officer and has been duly authorized to sign on behalf of the Registrant.

Exhibit 15

December 5, 2014

To the Board of Directors and Shareholders
of L Brands, Inc.:

We are aware of the incorporation by reference in the following Registration Statements of L Brands, Inc. and, with respect to the Registration Statement on Form S-3, in the related Prospectus of L Brands, Inc.:

Registration Statement (Form S-3 ASR No. 333-191968)
Registration Statement (Form S-4 No. 333-163026)
Registration Statement (Form S-8 No. 33-49871)
Registration Statement (Form S-8 No. 333-110465)
Registration Statement (Form S-8 No. 333-04927)
Registration Statement (Form S-8 No. 333-04941)
Registration Statement (Form S-8 No. 333-118407)
Registration Statement (Form S-8 No. 333-161841)
Registration Statement (Form S-8 No. 333-176588);

of our report dated December 5, 2014 relating to the unaudited consolidated interim financial statements of L Brands, Inc. and its subsidiaries that are included in its Form 10-Q for the quarter ended November 1, 2014.

/s/ Ernst & Young LLP

Columbus, Ohio

Exhibit 31.1

Section 302 Certification

I, Leslie H. Wexner, certify that:

1. I have reviewed this report on Form 10-Q of L Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LESLIE H. WEXNER

Leslie H. Wexner

Chairman and Chief Executive Officer

Date: December 5, 2014

Exhibit 31.2

Section 302 Certification

I, Stuart B. Burgdoerfer, certify that:

1. I have reviewed this report on Form 10-Q of L Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STUART B. BURGDOERFER

Stuart B. Burgdoerfer

Executive Vice President and
Chief Financial Officer

Date: December 5, 2014

Exhibit 32

Section 906 Certification

Leslie H. Wexner, the Chairman and Chief Executive Officer, and Stuart B. Burgdoerfer, the Executive Vice President and Chief Financial Officer, of L Brands, Inc. (the “Company”), each certifies that, to the best of his knowledge:

(i) the Quarterly Report of the Company on Form 10-Q dated December 5, 2014 for the period ending November 1, 2014 (the “Form 10-Q”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LESLIE H. WEXNER

Leslie H. Wexner
Chairman and Chief Executive Officer

/s/ STUART B. BURGDOERFER

Stuart B. Burgdoerfer
Executive Vice President and Chief Financial Officer

Date: December 5, 2014