

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

	2018	2017	2016
Net Sales	\$ 13,237	\$ 12,632	\$ 12,574
Costs of Goods Sold, Buying and Occupancy	(8,338)	(7,673)	(7,449)
Gross Profit	4,899	4,959	5,125
General, Administrative and Store Operating Expenses	(3,563)	(3,231)	(3,122)
Loss on Divestiture of La Senza	(99)	—	—
Operating Income	1,237	1,728	2,003
Interest Expense	(385)	(406)	(394)
Other Income (Loss)	5	(10)	87
Income Before Income Taxes	857	1,312	1,696
Provision for Income Taxes	213	329	538
Net Income	\$ 644	\$ 983	\$ 1,158
Net Income Per Basic Share	\$ 2.33	\$ 3.46	\$ 4.04
Net Income Per Diluted Share	\$ 2.31	\$ 3.42	\$ 3.98

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

	2018	2017	2016
Net Income	\$ 644	\$ 983	\$ 1,158
Other Comprehensive Income (Loss), Net of Tax:			
Foreign Currency Translation	(20)	23	(19)
Reclassification of Foreign Currency Translation to Earnings	45	—	—
Unrealized Gain (Loss) on Cash Flow Hedges	10	(20)	(8)
Reclassification of Cash Flow Hedges to Earnings	2	7	7
Unrealized Gain (Loss) on Marketable Securities	—	2	(5)
Reclassification of Gain on Marketable Securities to Earnings	—	—	(3)
Total Other Comprehensive Income (Loss), Net of Tax	37	12	(28)
Total Comprehensive Income	\$ 681	\$ 995	\$ 1,130

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

**L BRANDS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions except par value amounts)

	February 2, 2019	February 3, 2018
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,413	\$ 1,515
Accounts Receivable, Net	367	310
Inventories	1,248	1,240
Other	232	228
Total Current Assets	3,260	3,293
Property and Equipment, Net	2,818	2,893
Goodwill	1,348	1,348
Trade Names	411	411
Deferred Income Taxes	62	14
Other Assets	191	190
Total Assets	<u>\$ 8,090</u>	<u>\$ 8,149</u>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts Payable	\$ 711	\$ 717
Accrued Expenses and Other	1,082	1,029
Current Debt	72	87
Income Taxes	121	198
Total Current Liabilities	1,986	2,031
Deferred Income Taxes	226	238
Long-term Debt	5,739	5,707
Other Long-term Liabilities	1,004	924
Shareholders' Equity (Deficit):		
Preferred Stock—\$1.00 par value; 10 shares authorized; none issued	—	—
Common Stock—\$0.50 par value; 1,000 shares authorized; 283 and 283 shares issued; 275 and 280 shares outstanding, respectively	141	141
Paid-in Capital	771	678
Accumulated Other Comprehensive Income	59	24
Retained Earnings (Deficit)	(1,482)	(1,434)
Less: Treasury Stock, at Average Cost; 8 and 3 shares, respectively	(358)	(162)
Total L Brands, Inc. Shareholders' Equity (Deficit)	<u>(869)</u>	<u>(753)</u>
Noncontrolling Interest	4	2
Total Equity (Deficit)	<u>(865)</u>	<u>(751)</u>
Total Liabilities and Equity (Deficit)	<u>\$ 8,090</u>	<u>\$ 8,149</u>

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**L BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)**  
(in millions except per share amounts)

	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
	Shares Outstanding	Par Value						
<b>Balance, January 30, 2016</b>	290	\$ 156	\$ 545	\$ 40	\$ 315	\$ (1,315)	\$ 1	\$ (258)
Net Income	—	—	—	—	1,158	—	—	1,158
Other Comprehensive Income (Loss)	—	—	—	(28)	—	—	—	(28)
Total Comprehensive Income	—	—	—	(28)	1,158	—	—	1,130
Cash Dividends (\$4.40 per share)	—	—	—	—	(1,268)	—	—	(1,268)
Repurchase of Common Stock	(6)	—	—	—	—	(438)	—	(438)
Share-based Compensation and Other	2	1	105	—	—	—	1	107
<b>Balance, January 28, 2017</b>	286	\$ 157	\$ 650	\$ 12	\$ 205	\$ (1,753)	\$ 2	\$ (727)
Net Income	—	—	—	—	983	—	—	983
Other Comprehensive Income (Loss)	—	—	—	12	—	—	—	12
Total Comprehensive Income	—	—	—	12	983	—	—	995
Cash Dividends (\$2.40 per share)	—	—	—	—	(686)	—	—	(686)
Repurchase of Common Stock	(9)	—	—	—	—	(445)	—	(445)
Treasury Share Retirement	—	(18)	(82)	—	(1,936)	2,036	—	—
Share-based Compensation and Other	3	2	110	—	—	—	—	112
<b>Balance, February 3, 2018</b>	280	\$ 141	\$ 678	\$ 24	\$ (1,434)	\$ (162)	\$ 2	\$ (751)
Cumulative Effect of Accounting Changes	—	—	—	(2)	(26)	—	—	(28)
<b>Balance, February 4, 2018</b>	280	141	678	22	(1,460)	(162)	2	(779)
Net Income	—	—	—	—	644	—	—	644
Other Comprehensive Income (Loss)	—	—	—	37	—	—	—	37
Total Comprehensive Income	—	—	—	37	644	—	—	681
Cash Dividends (\$2.40 per share)	—	—	—	—	(666)	—	—	(666)
Repurchase of Common Stock	(5)	—	—	—	—	(196)	—	(196)
Share-based Compensation and Other	—	—	93	—	—	—	2	95
<b>Balance, February 2, 2019</b>	275	\$ 141	\$ 771	\$ 59	\$ (1,482)	\$ (358)	\$ 4	\$ (865)

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

	2018	2017	2016
<b>Operating Activities</b>			
Net Income	\$ 644	\$ 983	\$ 1,158
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation of Long-lived Assets	590	571	518
Amortization of Landlord Allowances	(43)	(47)	(46)
Long-lived Store Asset Impairment Charges	101	—	—
Loss on Divestiture of La Senza	99	—	—
Deferred Income Taxes	(52)	(108)	110
Share-based Compensation Expense	97	102	96
Gains on Distributions from Easton Investments	(8)	(20)	(112)
Unrealized Losses on Marketable Equity Securities	6	—	—
Loss on Extinguishment of Debt	—	45	36
Gain on Sale of Marketable Equity Securities	—	—	(4)
Changes in Assets and Liabilities, Net of Assets and Liabilities related to Divestiture and Acquisition:			
Accounts Receivable	(63)	(13)	(44)
Inventories	(40)	(137)	30
Accounts Payable, Accrued Expenses and Other	29	50	31
Income Taxes Payable	(113)	(40)	117
Other Assets and Liabilities	130	20	100
Net Cash Provided by Operating Activities	1,377	1,406	1,990
<b>Investing Activities</b>			
Capital Expenditures	(629)	(707)	(990)
Return of Capital from Easton Investments	16	29	119
Purchase of Marketable Securities	—	(10)	—
Proceeds from Sale of Assets	—	—	53
Proceeds from Sale of Marketable Equity Securities	—	—	10
Acquisition, Net of Cash Acquired of \$1	—	—	(33)
Other Investing Activities	4	(10)	8
Net Cash Used for Investing Activities	(609)	(698)	(833)
<b>Financing Activities</b>			
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	—	495	692
Payment of Long-term Debt	(52)	(540)	(742)
Borrowings from Secured Revolving Facility	92	—	—
Repayments of Secured Revolving Facility	(92)	—	—
Borrowings from Foreign Facilities	172	96	35
Repayments of Foreign Facilities	(109)	(44)	(6)
Dividends Paid	(666)	(686)	(1,268)
Repurchases of Common Stock	(198)	(446)	(435)
Tax Payments related to Share-based Awards	(13)	(32)	(58)
Proceeds from Exercise of Stock Options	1	38	20
Financing Costs and Other	(7)	(8)	(3)
Net Cash Used for Financing Activities	(872)	(1,127)	(1,765)
Effects of Exchange Rate Changes on Cash	2	—	(6)
Net Decrease in Cash and Cash Equivalents	(102)	(419)	(614)
Cash and Cash Equivalents, Beginning of Year	1,515	1,934	2,548
Cash and Cash Equivalents, End of Year	\$ 1,413	\$ 1,515	\$ 1,934

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