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Limitedbrands  
**2006 INVESTOR  
UPDATE MEETING**

November 6 & 7, 2006  
Columbus, Ohio

**LEN SCHLESINGER**

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Vice Chairman & Chief Operating Officer  
Limited Brands, Inc.

# The Enterprise Strategy

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## The Strategic Framework

Part one: **Who we must be**

Part two: **Where we must compete**

Part three: **How we'll put it into practice**

## The Enterprise Strategy – Who We Must Be

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### Vision

To make people feel sexy, sophisticated and forever young

### Mission

To build a **family** of the world's **best fashion retail brands** whose **well-told stories** create **loyal customers** and deliver **sustained growth** for our stakeholders

### Values

- The customer rules!
- Passion leads to success
- Inclusion makes us stronger
- It matters how we play the game

### Goal

Consistently deliver 12+% growth in earnings per share

### Strategy

Develop and continuously evolve a family of forever-young fashion retail brands that deliver well-told stories and offer emotionally engaging shopping experiences driven by a differentiated and relevant assortment of product brands at masstige prices

## Where and How We Must Compete

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Where and how begins with the strategy statement.

### Strategy

Develop and continuously evolve a family of **forever-young fashion retail brands** that deliver **well-told stories** and offer **emotionally engaging shopping experiences** driven by a differentiated and relevant **assortment of product brands** at **masstige prices**

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## Where and How We Must Compete

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### Where

#### In multiple retail dimensions

- Categories
- Channels
- Segments
- Geographies

### How

#### With unique capabilities

- Brand building
- Open innovation
- Talent management
- Speed at scale

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## Where and How We Must Compete

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### Where

#### In multiple retail dimensions

- **Multi-category** – Apparel, personal care/beauty, intimate and accessories
- **Multi-channel** – Stores, web, catalogs and other emerging channels
- **Multi-segment** – Satisfy diverse lifestyles, demographics, occasions
- **Multi-geography** – Focus here, test abroad

## Where and How We Must Compete

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### How

#### With unique capabilities

- **Brand building**
  - *Merchant vision* – design, creative, commercialization, merchants, planning and more working together
  - *Retail experiences* – store ops, real estate, store design and construction, marketing and others
  - *Portfolio management* – exec committee and brand leaders working to make effective decisions about our portfolio of businesses

## Where and How We Must Compete

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How

### With unique capabilities

- **Open innovation** – ideas and partnerships from anywhere
- **Talent management** – best at talent, period
- **Speed at scale** – infrastructure keeps us fast as we grow

## MARTYN REDGRAVE

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Executive Vice President, Chief Administrative  
Officer & Chief Financial Officer

Limited Brands, Inc.

# The Enterprise Strategy

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## The Strategic Framework

Part one: **Who we must be**

Part two: **Where we must compete**

Part three: **How we'll put it into practice**

## Six Growth Imperatives

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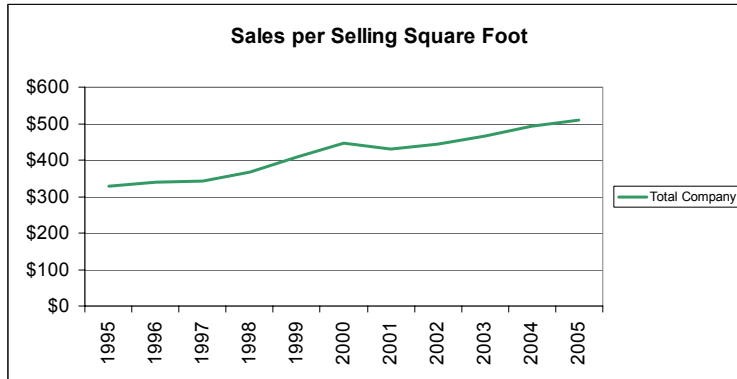
- 1 Organic growth (comps, productivity) in current footprint
- 2 Expand brand footprint and into new channels, geographies
- 3 New brands in current channels
- 4 Infrastructure
- 5 Top destination for talent
- 6 Capital structure



**12+%  
Annual  
Growth  
in EPS**

## 1. Organic growth in current footprint

- Increase productivity and square footage and expand into adjacent categories
- Over the past 10 years, we have increased overall productivity by 4.5% per year

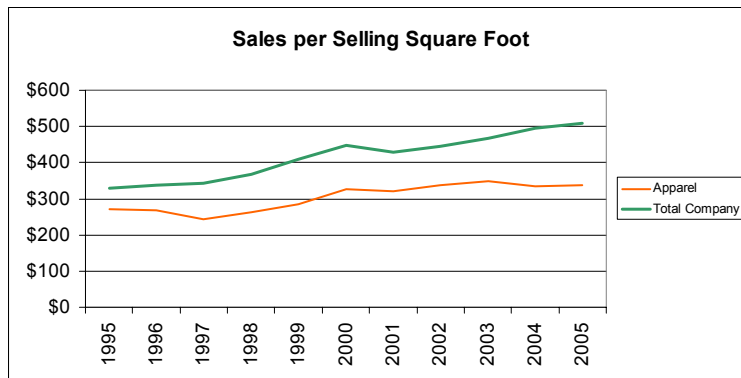


Note: Existing brands only. Excludes internet/catalog sales.

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## 1. Organic growth in current footprint

- Increase productivity and square footage and expand into adjacent categories
- Apparel productivity is below the Company average

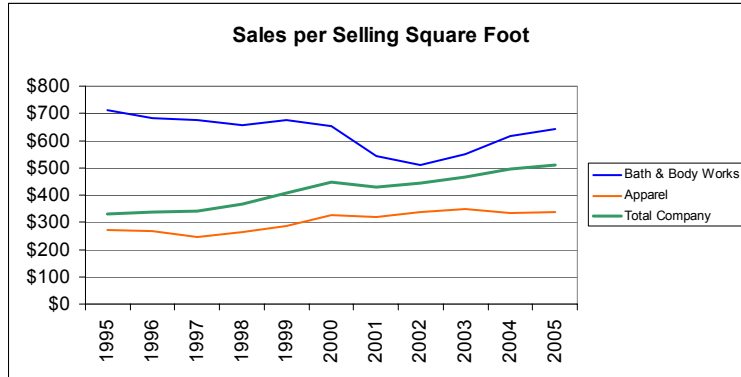


Note: Existing brands only. Excludes internet/catalog sales.

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## 1. Organic growth in current footprint

- Increase productivity and square footage and expand into adjacent categories
- Productivity at Bath & Body Works is improving and above the Company average

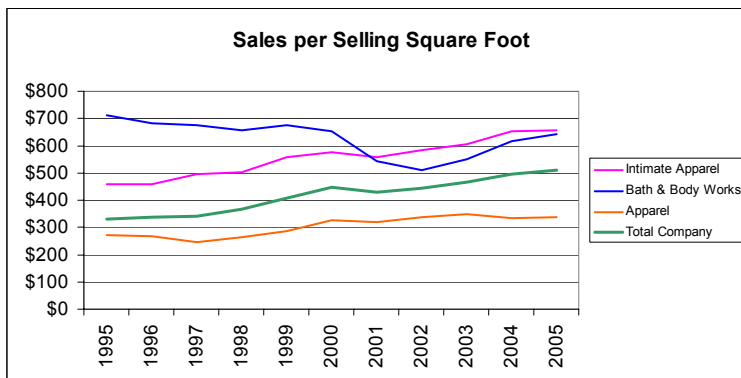


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## 1. Organic growth in current footprint

- Increase productivity and square footage and expand into adjacent categories
- Intimate apparel productivity has steadily increased and is the highest among segments



Note: Existing brands only. Excludes internet/catalog sales.

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## 2. Expand brand footprint and into new channels, geographies

- **Expand existing stores footprint** • Expand VS footprint
- **U.S. off-mall** • Grow square footage in off-mall village, value and specialty centers
- **Canada:** • Expand into Canada through square footage growth
- **Direct-TV:** • Grow sales of personal care brands through TV channel
- **International relationships:** • Grow international through strategic relationships

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## 2. Expand brand footprint and into new channels, geographies

- **In recent years, our strategy of expanding Victoria's Secret store sizes, especially at top malls, has increased sales and profit at these stores.**
- **We are targeting 125-140 Victoria's Secret projects in 2007 which will expand per store square footage by ~50% on average, which should deliver 8-10% square footage growth.**

### Victoria's Secret Expansions, 2003-2005, in Top 160 Malls (48 Stores)

(\$ in 000s)	<u>Pre</u>	<u>Post</u>	<u>% Change</u>
Gross Square Feet	6,509	10,186	56%
Sales	\$4,815	\$6,510	35%
Productivity	\$740	\$639	(14%)
IRR		36%	

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## 2. Expand brand footprint and into new channels, geographies

- We also have 8 stores in a new design (Forum Shops) that have done very well
- The conversions to the new design have expanded per store square footage while also expanding productivity, yielding almost \$1000 per selling square foot.

### Forum Shops Design: Performance of 7 Conversions

	Pre	Post	% Change
Selling Square Footage	9,206	10,528	14%
Sales (\$K)	\$8,770	\$10,505	20%
Productivity	\$953	\$998	5%

NOTE: Excludes Water Tower Place, a 2006 conversion where performance is too early to read.

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## 2. Expand brand footprint and into new channels, geographies

- Going forward, we plan to open 30-50 new Bath & Body Works' stores per year, largely in power strip malls and specialty centers.
- Our performance in power strips and specialty centers is strong, with good productivity and return on sales which rival our stores in most malls.

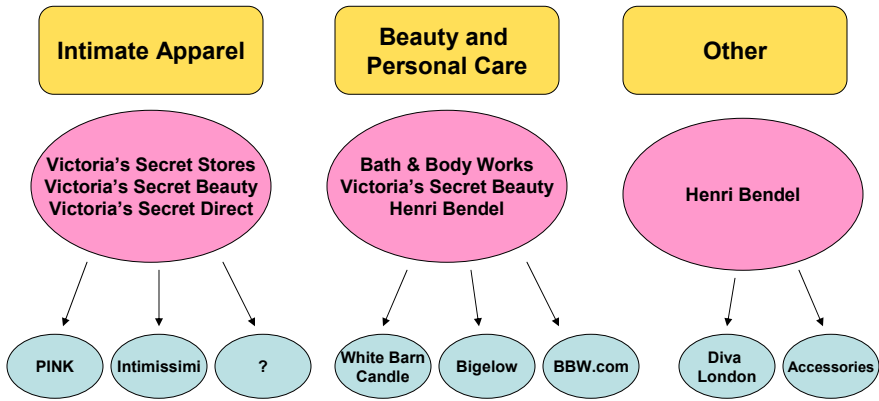
### BBW Current Performance

	Top 160 and A Malls	B and C Malls	Power Strips	Specialty Centers
# of Stores	316	739	147	96
Avg. Selling Square Feet	3,137	2,075	2,125	2,081
Avg. Sales pSSF	\$706	\$617	\$629	\$583
Return on Sales	23%	29%	30%	26%

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### 3. Incubate and grow new retail brands in current channels

We're building on core brands by incubating new growth ideas.



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### Six-Point Growth Plan – The Imperatives

- 1 Grow core brands in current channels and geographies
- 2 Extend core brands into new channels and geographies
- 3 Incubate and grow new brands in current channels
- 4 Build enabling infrastructure and capabilities
- 5 Become the top destination for talent
- 6 Capital Structure

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## 6. Capital structure

We generated a 16.3% total shareholder value return over the last ten years. A substantial portion came from money returned to shareholders.

CONTRIBUTION TO 10-YEAR RETURN OF 16.3%	
Net Income Growth <sup>(1)</sup>	7.4%
Share Repurchase	3.3%
Multiple Expansion	1.1%
<b>Share Price Appreciation</b>	<b>11.7%</b>
Regular Dividends	2.5%
ANF & TOO Distributions	1.2%
Special Dividend	0.8%
<b>Total Return</b>	<b>16.3%</b>

<sup>(1)</sup> Before special non-recurring items

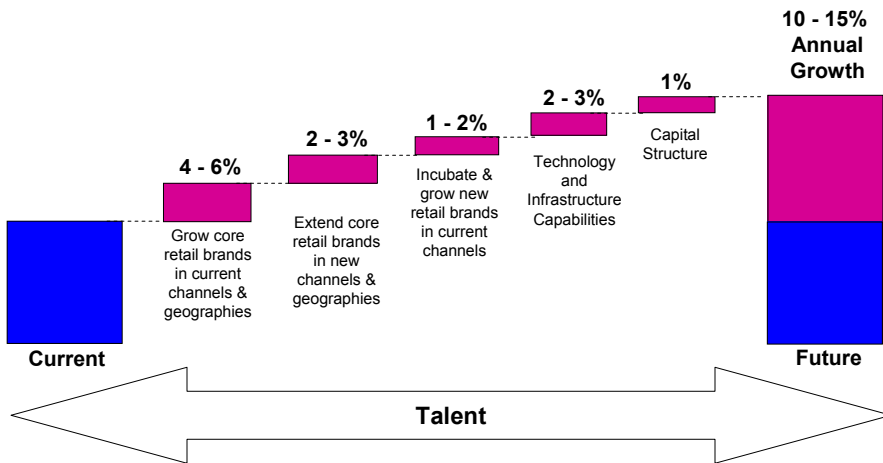
## Six Growth Imperatives – Expected Returns

- 1 Brands in current channels, geographies
- 2 Brands into new channels, geographies
- 3 New brands in current channels
- 4 Infrastructure
- 5 Top destination for talent
- 6 Capital structure

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# Six Growth Imperatives – Expected Returns

## Drivers of EPS Growth



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