March 5, 2019

Mr. Leslie H. Wexner
Chairman of the Board and Chief Executive Officer
L Brands, Inc.
Three Limited Parkway
Columbus, Ohio 43230

Dear Mr. Wexner:

Barington Capital Group, L.P. believes that L Brands, Inc. ("L Brands" or the "Company") has a significant value potential that is not being realized. We are therefore writing to share with you our recommendations on how the Company can address a number of its current challenges and meaningfully improve long-term value for its shareholders.

L Brands has a long and impressive history under your leadership. We have great respect for your skills as a merchant and the value that you created for shareholders as the Company grew its core brands, Victoria's Secret, PINK and Bath & Body Works. Unfortunately, the performance of L Brands has been disappointing over the past few years. As illustrated in the table below, the Company's common stock has underperformed its self-selected peer group and the market as a whole by a substantial margin over the last one-, three- and five-year periods, plummeting from a high of $100.22 per share on November 4, 2015 to $26.81 per share at the close of the market yesterday, a decrease of more than 73%:

	1-Year (3/2/18-3/1/19)	**3-Year** (3/2/16-3/1/19)	**5-Year** (3/3/14-3/1/19)
L Brands	-32.1%	-63.1%	-36.7%
Peer Group[1]	19.9%	35.6%	71.7%
S&P 500 Index[2]	6.3%	50.0%	68.4%
Russell 2000 Index[2]	5.1%	55.5%	44.7%

The Company's declining share price over this time period is primarily the result of the disappointing financial performance of its Victoria's Secret segment. While the operating income of this segment had reached $1.4 billion in fiscal 2015, it fell to approximately $500 million in fiscal 2018 – a staggering reduction of approximately $900 million in just three years. EBITDA margins have similarly declined, falling from over 20% in fiscal 2015 to 15% in fiscal 2018. We believe that the declining performance of Victoria's

Secret is primarily due to merchandising missteps and the failure to maintain a compelling brand image that resonates with its target consumers. Despite these issues, Victoria's Secret and PINK are still market-leading brands with store productivity higher than most of their peers. However, even leading brands must evolve to meet their customers' changing demands or risk suffering declining profits and a loss of market share.

While the financial performance of Victoria's Secret over the past three years has been concerning, the performance of Bath & Body Works has been exceptional. Bath & Body Works operating income has grown from $858 million in fiscal 2015 to $1.08 billion in fiscal 2018. The business generates industry-leading EBITDA margins of approximately 25%, and has delivered strong same store sales growth of 5% or more in each of the last five years and 11% comparable sales growth in fiscal 2018. Unfortunately, the market does not appear to be ascribing appropriate value to the solid financial performance of Bath & Body Works, most likely because it is being overshadowed by the struggles at the Company's more visible Victoria's Secret segment.

Despite its challenges, we strongly believe in the value potential of L Brands. We are confident that changes can be made to improve the performance of Victoria's Secret and unlock the value of Bath & Body Works. To help achieve these ends, we recommend that the Company take swift action to improve the performance of Victoria's Secret, by, among other things, correcting past merchandising mistakes and ensuring that Victoria's Secret is communicating a compelling, up-to-date brand image that resonates with today's consumers. We also recommend that the Board of Directors of the Company retain a financial advisor to help explore opportunities to unlock the tremendous value of Bath & Body Works, such as through a spinoff of Victoria's Secret or an initial public offering (IPO) of Bath & Body Works. Finally, we recommend that the Company improve the composition of its Board of Directors, as we believe that the lack of director independence and diversity on the L Brands Board has hindered its ability to effectively oversee and advise management.

Challenges at Victoria's Secret

Since 2016, a number of changes have occurred at Victoria's Secret that we believe have been harmful to its business. First, the Company has endured multiple changes to its senior management team. Sharen Jester Turney, who successfully ran the brand for ten years, resigned as Victoria's Secret CEO in February 2016. After you initially took over this role, the Company appointed Jan Singer as CEO of Victoria's Secret Lingerie in May 2016, only to have her resign in November 2018 and be replaced by John Mehas. During this time period, numerous other key employees have also departed Victoria's Secret.

Second, in the midst of these management changes, Victoria's Secret made a number of merchandising mistakes. For example, Victoria's Secret was slow to adjust to the shift in market demand from padded and push-up bras toward bralettes and sports bras. As a result, inventory turnover worsened as less popular products were slow to sell, and margins fell as the Company resorted to significant mark-downs to move out-of-favor merchandise. In addition, Victoria's Secret has failed to fully capitalize on the tremendous boom in activewear that has been a driver of the outstanding financial performance reported by Lululemon and other athleisure clothing brands in recent years. We were surprised that this was the case given that Jan Singer worked at Nike for ten years. Victoria's Secret also eliminated its swimwear and apparel categories without having compelling new merchandise to replace lost revenue. As a result of these missteps, Victoria's Secret sales declined by over $400 million between 2016 and 2018.

We are pleased that Victoria's Secret has recently decided to reenter the swimwear category. We are also encouraged that the Company has recognized that it needs to do more to ensure that it is maintaining a close connection with its customers.[3] It is our hope that Victoria's Secret will be taking steps to better understand and respond to its customers' views in a variety of important areas, including with respect to its product offerings, pricing and the comfort and quality of its merchandise.

Dated Brand Image

We believe that Victoria's Secret has failed to evolve with the times and, as a result, its brand is losing touch with its customers. Victoria's Secret's brand image is starting to appear to many as being outdated and even a bit "tone deaf" by failing to be aligned with women's evolving attitudes towards beauty, diversity and inclusion.

While Victoria's Secret has improved the racial and ethnic diversity of the women in its advertising campaigns, it continues to use models that depict a very narrow definition of beauty. When asked if Victoria's Secret feels the need to address the market's shift toward diversity and inclusion such as by putting transgender or plus-size models in its advertisements, L Brand's Chief Marketing Officer Edward Razek unapologetically stated "We market to who we sell to, and we don't market to the whole world."[4] While we recognize that Victoria's Secret cannot be all things to all people, we believe that the Company should be delivering a more inclusive marketing message that promotes a more expansive view of beauty. The success of Aerie's "#AerieREAL" campaign as well as the rapid growth of ThirdLove indicate that women are increasingly being drawn toward brands that promote diversity, inclusivity and body positivity. In our view, Mr. Razek has done a poor job of stewarding Victoria's Secret's brand by failing to communicate a compelling, up-to-date image that resonates with today's consumers. As you yourself have said, the key to survival in the fashion industry is for a brand to reinvent itself as its shoppers evolve. "When the customer zigs, you zig."[5]

We Believe that L Brands Is Undervalued and Has Tremendous Upside Potential

We believe that the common stock of L Brands is materially undervalued as a result of the market being overly focused on the disappointing financial performance of Victoria's Secret and failing to appropriately value Bath & Body Works.

For valuation purposes, we believe that the most comparable publicly traded peer of Bath & Body Works is Ulta Beauty. Key metrics for Ulta Beauty and Bath & Body Works are summarized in the table below:

	Ulta Beauty	Bath & Body Works
2018E Sales	6,698	4,631
2018E EBITDA	1,137	1,183
2018E comparable sales growth	7.5%	11.0%
2019E P/E	24.5x	N/A

Source: S&P Capital IQ, Barington estimates. Figures in US$ millions.

We believe that Bath & Body Works should be valued at a minimum of fifteen times earnings based on its outstanding financial performance and prospects for future growth. Based on our estimate that Bath & Body Works generated approximately $2.00 of earnings per share in fiscal 2018, we believe that this segment alone should be worth approximately $30 per share. As a result, it appears that the market is ascribing very little equity value to Victoria's Secret, [6] which we estimate generated approximately $0.80 of earnings per share this past fiscal year. It is our belief that Victoria's Secret should be at least valued at ten times earnings, implying an additional $8 per share of value. Therefore, our sum-of-the-parts valuation of L Brands at $38 per share represents almost a 42% premium to the Company's most recent closing price of $26.81.

We see significant upside potential for the Company if Bath & Body Works were to be valued at the same P/E multiple as Ulta Beauty. Under such circumstances, Bath & Body Works would be valued at approximately $49 per share. Furthermore, if Victoria's Secret were to reignite sales growth and achieve a 12% EBITDA margin (a modest target given that it achieved over 20% EBITDA margins just three years ago), it would double its earnings per share to approximately $1.40. In our view, a revitalized Victoria's Secret would be valued at approximately fifteen times earnings, implying a value of $21 per share, for a combined value potential for the Company of $70 per share. On top of that, we see additional upside potential if each brand is able to capitalize on international expansion opportunities.

The Board Should Consider a Spin-off of Victoria's Secret or an IPO of Bath & Body Works

We believe that L Brands can unlock substantial value for shareholders by spinning off Victoria's Secret or pursuing an IPO of Bath & Body Works. We believe that a transaction of this type would not only facilitate the market more appropriately valuing each segment, but would also enhance the financial performance of each business by helping improve its strategic focus.

Bath & Body Works and Victoria's Secret both have the hallmarks to be a successful stand-alone publicly traded company. Bath & Body Works is well positioned in attractive high-margin categories which lend themselves to repeat purchases. Victoria's Secret is an iconic brand with the potential to reignite sales growth and expand margins by reestablishing its connection with its customers. Each brand has substantial e-commerce operations which enables it to reach customers through multiple channels of distribution, as well as a growing international business that we believe could one day match its domestic business in sales. While Victoria's Secret and Bath & Body Works utilize a number of shared services, we believe that these services could easily be co-owned or provided by one company to the other after a spinoff.

In addition, we believe that the strong operating profits of Bath & Body Works are sufficient to service all of the Company's current indebtedness. The Company could also issue new debt at Victoria's Secret and reduce some of the parent company debt in order to achieve a more balanced level of indebtedness between the two entities. Alternatively, an IPO of Bath & Body Works could provide equity capital which could be used to deleverage the Company's balance sheet and finance the international expansion of both businesses, while positioning the Company for a subsequent separation.

As you well know, L Brands has a history of successfully utilizing strategic transactions to improve shareholder value and enhance the Company's focus on its core businesses. Past spinoffs have included Abercrombie & Fitch and Limited Too, and past brand divestitures have included Lane Bryant, New York & Company, Express and The Limited. Most recently, the Company has taken steps to streamline the Company by exiting its Henri Bendel business and entering into an agreement to divest La Senza. We strongly recommend that the Board consider continuing on this successful path by retaining a financial advisor to evaluate opportunities to improve long-term shareholder value through the separation of Bath & Body Works and Victoria's Secret.

We Believe Independence and Diversity Should Be Improved on the L Brands Board of Directors

We have significant concerns regarding the composition of the L Brands Board, as we believe that it lacks the independence necessary to perform its oversight functions on behalf of shareholders. We also believe that the Board lacks directors with a diversity of backgrounds, skills and perspectives sufficient to meet the strategic needs of the Company and ensure that it remains competitive in today's challenging marketplace.

The Board has determined that eight of the Company's twelve directors are "independent" in accordance with applicable New York Stock Exchange standards. However, a review of their backgrounds reveals that a majority of these directors have strong ties to you and your wife (and to each other) through the Columbus, Ohio community where the Company is headquartered or The Ohio State University, which is home to the Wexner Center for the Arts and the Wexner Medical Center. The existence of these social and business relationships raises serious questions as to the true independence of these directors.[7] Furthermore, three of the directors that the Board has determined to be independent have a lengthy average tenure of 36 years,[8] which also raises concerns regarding their actual independence from you. These directors include Allan R. Tessler, the Lead Independent Director and Chair of the Nominating & Governance Committee, who has served as a director for over 31 years, and David Kollat, the Chair of the Compensation Committee and a former Company executive, who has served as a director for over 42 years. Lengthy director tenure and social and business ties with the CEO can compromise a director's independence and weaken board oversight and decision-making.[9] Given that you are the

Chairman of the Board and your wife and your personal business advisor also serve as directors, it is unclear that the Board as currently comprised has the independence to effectively oversee you as Chief Executive Officer.

We also believe that the diversity of the Board needs to be meaningfully improved. Despite the fact that the Company's products cater primarily to women, nine of the Board's twelve directors are men. The Board also has limited age diversity. As of the date of the Company's 2018 proxy statement, the average age of the directors was 70 and the median age was 71. We believe that this is a concern as the Company is currently having challenges connecting with younger customers of its Victoria's Secret segment. Furthermore, none of the current directors appears to have significant overseas business development experience, which would be valuable as the Company seeks to expand its businesses internationally. Finally, the Board lacks directors with a recent operating background in branded products that cater to women. As a result, we believe that a more diverse board in terms of age, gender and professional experience would be more effective in providing advice to the management team and ensuring that important strategic and operating decisions are soundly made. We also believe that an increase in diversity in the boardroom would help improve corporate governance. As stated by Russell Reynolds Associates in "Different is Better: Why Diversity Matters in the Boardroom":

> "A board composed of directors representing a range of perspectives leads to an environment of collaborative tension that is the essence of good governance. In a room where everyone has different points of view and there is a greater opportunity for cross-pollination of ideas, there are fewer unspoken assumptions, less "group think" and a greater likelihood of innovation. This allows the board to ask the probing questions and tackle the challenging issues…which are at the center of good corporate governance."[10]

It is our belief that the effectiveness of the Board would be greatly enhanced if the Board looked outside of its members' personal and professional networks to identify new director candidates. The Company's 2018 Proxy Statement states that "[t]o date, the Company has not engaged third parties to identify or evaluate or assist in identifying potential director nominees…." It is our recommendation that the Board should consider replacing each director with a tenure greater than 30 years, as well as your wife and your business advisor (both of whom you can continue to seek counsel from outside of the boardroom), with new independent directors. We recommend that the Board seek to recruit new directors from outside of the Columbus, Ohio community, and focus its efforts on identifying candidates who can help improve gender and age diversity on the Board as well as add valuable experience in areas including merchandising, marketing and international business development. As a frequent investor in retail and apparel companies, we know of a number of highly qualified individuals who we are confident would help improve the composition and diversity of the Board. We would be pleased to share their names and biographies with you.

Finally, in addition to improving the independence and diversity of the Board, we believe that the Company should promptly declassify its Board of Directors. We also recommend that the Chairman and the CEO roles be held by separate individuals to further improve corporate governance and operating execution.

Conclusion

We strongly believe in the value potential of L Brands, and are confident that changes can be made to create meaningful long-term value for shareholders. As a shareholder with a long history of working collaboratively with companies to help design and implement measures to improve long-term value, we would like to meet with you to discuss our recommendations in greater detail.

Sincerely yours,

James A. Mitarotonda

Endnotes:

[1] The Company's peers per its 2018 proxy statement consist of Abercrombie & Fitch Co.; American Eagle Outfitters, Inc.; Avon Products, Inc.; Bed Bath & Beyond Inc.; The Estee Lauder Companies Inc.; The Gap, Inc.; J.C. Penney Company, Inc.; Kohl's Corporation; Macy's, Inc.; NIKE, Inc.; Nordstrom, Inc.; Ralph Lauren Corporation; Ross Stores, Inc.; Starbucks Corporation; Tapestry, Inc. (formerly Coach, Inc.); The TJX Companies, Inc. and Williams-Sonoma, Inc.

[2] Source: S&P Capital IQ. Index returns calculated assuming the reinvestment of dividends.

[3] The Company stated on November 19, 2018 in the earnings commentary for the third quarter of 2018, that "Over the last few years, in both Victoria's Secret Lingerie and Pink, we have lost our close connection to our customer…we are getting that back …by traveling, spending more time in stores and getting to know her like we'd know our best friend." We applaud this initiative, and recommend that the Company expand its efforts to include target consumers who are not, or are no longer, Victoria's Secret customers.

[4] See https://www.vogue.com/article/victorias-secret-ed-razek-monica-mitro-interview. Mr. Razek has also been criticized for stating in this interview "If you're asking if we've considered putting a transgender model in the show or looked at putting a plus-size model in the show, we have.….We attempted to do a television special for plus-sizes [in 2000]. No one had any interest in it, still don't." Mr. Razek later continued, "Shouldn't you have transsexuals in the show? No. No, I don't think we should. Well, why not? Because the show is a fantasy. It's a 42-minute entertainment special. That's what it is. It is the only one of its kind in the world, and any other fashion brand in the world would take it in a minute, including the competitors that are carping at us."

[5] See Barney Jopson, "Les Wexner, the man behind Victoria's Secret," The Financial Times (March 30, 2018).

[6] As stated by RBC Capital Market's analyst Brian Tunick to Business Insider in August 2018, "At current levels, the market appears to be assigning little to negative value to the $7B VS franchise, which we believe could re-rate once investors see some signs of stabilization."

[7] See, Yaron Nili, "The 'New Insiders': Rethinking Independent Directors' Tenure," 68 Hastings Law Journal 97 (2016) (noting that while some directors may meet the regulatory definition of independence, they may not truly be "independent" from management in the common sense definition of the term due to lengthy board tenure or social ties with senior management).

[8] The average tenure of these three directors is more than 4.4 times longer than the average tenure of directors of 8.1 years at S&P 500 companies, according to the 2018 Spencer Stuart U.S. Board Index.

[9] See, for example, Byoung-Hyoun Hwang and Seoyoung Kim, "It Pays to Have Friends," Journal of Financial Economics 93 (2009); and Jonathan L. Johnson, Catherine M. Daily and Alan E. Ellstrand, "Boards of Directors: A Review and Research Agenda," 22 Journal of Management 409, 416 (1996) (citing research showing that directors who have personal, professional or economic relationships with the CEO may be less effective monitors of senior management).

[10] Russell Reynolds Associates, "Different is Better: Why Diversity Matters in the Boardroom" (2009).

Important Disclosures

Any views expressed in the above letter represent the opinion of Barington, whose analysis is based solely on publicly available information. No representation or warranty, express or implied, is made as to the accuracy or completeness of any information contained therein. Barington expressly disclaims any and all liability based, in whole or in part, on such information, any errors therein or omissions therefrom. Barington also reserves the right to modify or change its views or conclusions at any time in the future without notice.

The information contained in the letter does not recommend the purchase or sale of any security nor is it an offer to sell or a solicitation of an offer to buy any security. Furthermore, the information contained in the letter is not intended to be, nor should it be construed or used as, investment, tax or legal advice. No representation or warranty is made that Barington's investment process or investment objectives will or are likely to be achieved or successful or that Barington's investments will make any profit or will not sustain losses. Past performance is not indicative of future results.

Nothing contained in the letter should be taken as any form of commitment on the part of Barington to take any action in connection with any particular security. Barington and its affiliates are in the business of buying and selling securities. They have, and may in the future, buy, sell or change the form of their position in any security for any or no reason whatsoever.

Barington has neither sought nor obtained the consent from any third party to use any statements or information contained in the letter that have been obtained or derived from statements made or published by such third parties. Any such statements or information should not be viewed as indicating the support of such third parties for the views expressed therein.