

FAQ

1. What was announced?

- Gap Inc. announced plans to create two independent publicly traded companies: Old Navy and a yet-to-be-named company (“NewCo”), which will consist of the iconic Gap brand, Athleta, Banana Republic, Intermix and Hill City.
- Gap Inc. expects to effect the separation through a spin-off that is intended to generally be tax-free to Gap Inc.’s shareholders for U.S. federal income tax purposes.
- The spin-off will enable each company to maximize focus and flexibility, align investments and incentives to meet its unique business needs and optimize its cost structure to deliver profitable growth.

2. What is the rationale for separating Gap Inc. into two companies?

- Following a comprehensive review by the Gap Inc. Board of Directors, it’s clear that Old Navy’s business model and customers have increasingly diverged from our specialty brands over time, and each company now requires a different strategy to thrive moving forward.
- Recognizing that, we determined that pursuing a separation is the most compelling path forward for our brands – creating two separate companies with distinct financial profiles, tailored operating priorities and unique capital allocation strategies, both well positioned to achieve their strategic goals and create significant value for our customers, employees and shareholders.

3. How will the separation be structured?

- Gap Inc. expects to effect the separation through a spin-off that is intended to generally be tax-free to Gap Inc.’s shareholders for U.S. federal income tax purposes.
- Upon separation, Gap Inc. shareholders are expected to receive a pro-rata stock distribution and as a result own shares in both NewCo and Old Navy in equal proportion.
- The transaction is currently targeted to be completed in 2020, and is subject to certain conditions, including final approval by Gap Inc.’s Board of Directors, receipt of a tax opinion from counsel and the filing and effectiveness of a registration statement with the U.S. Securities and Exchange Commission.
- There can be no assurances regarding the ultimate timing or terms of the separation or that the separation will be completed.

4. What will NewCo and Old Navy look like post-split?

- **NewCo** will consist of the iconic Gap brand, Athleta, Banana Republic, Intermix and Hill City.
 - i.* With approximately \$9 billion in annual revenue and a strong balance sheet, NewCo will have a unique and differentiated portfolio, with significant opportunity to create value.
 - ii.* The company will be well positioned to drive sustainable growth and improve profitability by leveraging its loyal and complementary customer base and an appropriately scaled operating platform with advantaged digital capabilities to deliver distinct products and experiences.
 - iii.* With enhanced strategic and operational focus, it can deliver improved results at Gap, Banana Republic and Intermix, while capitalizing on the momentum of B-

Corp certified Athleta and newly-launched Hill City. As a stand-alone company, NewCo also will be better positioned to continue to evolve its leadership role in sustainability and social responsibility.

- **Old Navy** will be a standalone company consisting solely of the Old Navy brand.
 - i.* As one of the fastest growing apparel brands in the U.S. with approximately \$8 billion in annual revenue, Old Navy will be able to capitalize on its scale, broad customer awareness and unique positioning to extend its category leadership and deliver profitable growth as an independent company.
 - ii.* Through this separation, Old Navy will have the flexibility, focus and control needed to increase customer access by further applying its strategic real estate strategy, evolving its omni-channel model and expanding its product categories to continue to successfully resonate with value-focused customers.
 - iii.* Old Navy will be well positioned to invest in capabilities and initiatives that will continue to grow its market share.

5. Who will lead each of the companies?

- Gap Inc.'s current President and Chief Executive Officer, Art Peck, will hold the same position with NewCo after the separation.
- Sonia Syngal, current President and Chief Executive Officer of Old Navy, will continue to lead the brand as a standalone company following the separation.

6. When do you anticipate executing the spin?

- The transaction is currently targeted to be completed in 2020, and is subject to certain conditions, including final approval by Gap Inc.'s Board of Directors, receipt of a tax opinion from counsel and the filing and effectiveness of a registration statement with the U.S. Securities and Exchange Commission.
- There can be no assurances regarding the ultimate timing or terms of the separation or that the separation will be completed.

7. What does this mean for customers?

- Until the separation, which is expected to occur in 2020, it is business as usual. Nothing is expected to change about customer instore or online experiences at any of the Gap Inc. brands.

8. When should we expect the next update? How often will you be giving updates to shareholders?

- It's still early days.
- We will provide more information on the two companies and our plans for them to operate independently as we work through this process.
- We are committed to transparent disclosure to the investment community to ensure solid understanding of the opportunities and implications of the proposed separation.