



Gap Inc. to Separate into Two Independent Companies to Maximize Long-Term Value Creation

February 28, 2019

Gap Inc.

GAP

BANANA REPUBLIC

OLD NAVY

ATHLETA

INTERMIX

HILL CITY

Forward Looking Statements

This conference call and webcast contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Forward-looking statements include statements identified as such in our February 28, 2019 press releases.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. Information regarding factors that could cause results to differ can be found in our February 28, 2019 press releases, our Annual Report on Form 10-K for the fiscal year ended February 3, 2018, and our subsequent filings with the U.S. Securities and Exchange Commission, all of which are available on gapinc.com.

These forward-looking statements are based on information as of February 28, 2019. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

Unique Strengths – Different Paths

Creates Two Independent Companies with Unique Strategies and Opportunities

NewCo

(Yet to be named)



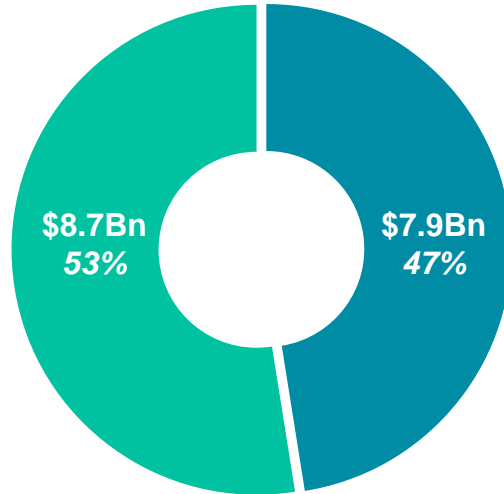
BANANA REPUBLIC



INTERMIX HILL CITY/

- Scaled and enviable portfolio of iconic brands
- Large, loyal and complementary customer base
- Data-driven, omni-channel operating platform
- Leverage scale and digital capability to drive profitable growth
- Led by Art Peck, current President and CEO of Gap Inc.

FY2018 Revenue \$16.6Bn



Old Navy

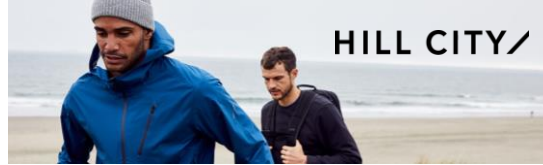
OLD NAVY

- One of the fastest-growing apparel brands in the U.S. and category leader in family apparel
- Scale, broad customer awareness and unique positioning
- Significant opportunity to increase market share through new store growth, expansion of online reach and category leadership
- Led by Sonia Syngal, current President and CEO of Old Navy

Gap Inc.

Compelling Strategic Rationale for Separation

- Separation creates two independent companies with sharpened strategic focus and operating structure
- Enables each company to capitalize on unique business models, growth plans and customer bases
- Compelling and distinct financial profiles, tailored operating priorities and unique capital allocation strategies
- Better positions the two new companies to create significant value for our customers and shareholders and opportunities for our employees



Spin-Off is Gap Inc.'s Transformational Next Step

Evolving Retail Market



Consumer Focus on Value, Speed and Convenience



Declining Mall Traffic



Digitally-Led Omni-Channel Customer



Old Navy's Business Model and Customers have Increasingly Diverged from Traditional Specialty Model

Significant Progress



Continued Investment in Supply Chain and Digital Capabilities



Focused on Productivity and Operational Discipline



Ongoing Fleet Optimization



Integrating Sustainability Across Our Value Chain

Most Compelling Path Forward



Two Distinct Entities:

- Maximize Focus and Flexibility
- Align Investments and Incentives to Better Serve Differentiated Customer Bases
- Optimize Cost Structures
- Act Decisively in Evolving Retail Environment

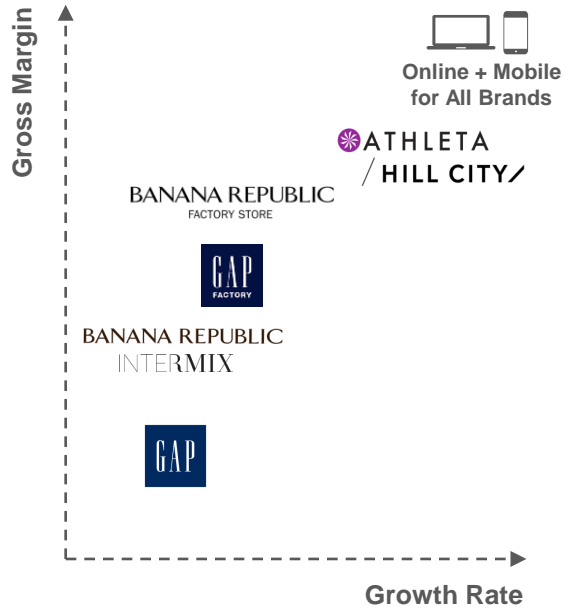


Comprehensive Review by Board:

- Plan to separate unanimously approved

NewCo: Unique and Differentiated Brand Portfolio

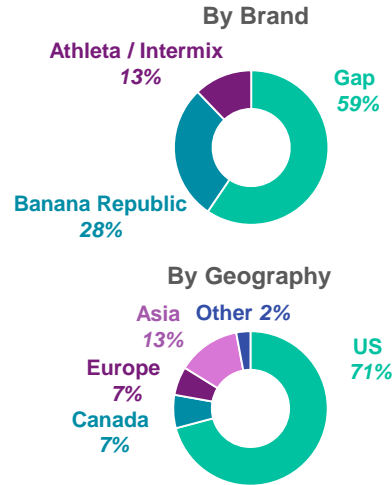
Strategic Brand Perspective



2018 Revenue Breakdown

\$8.7Bn Revenue

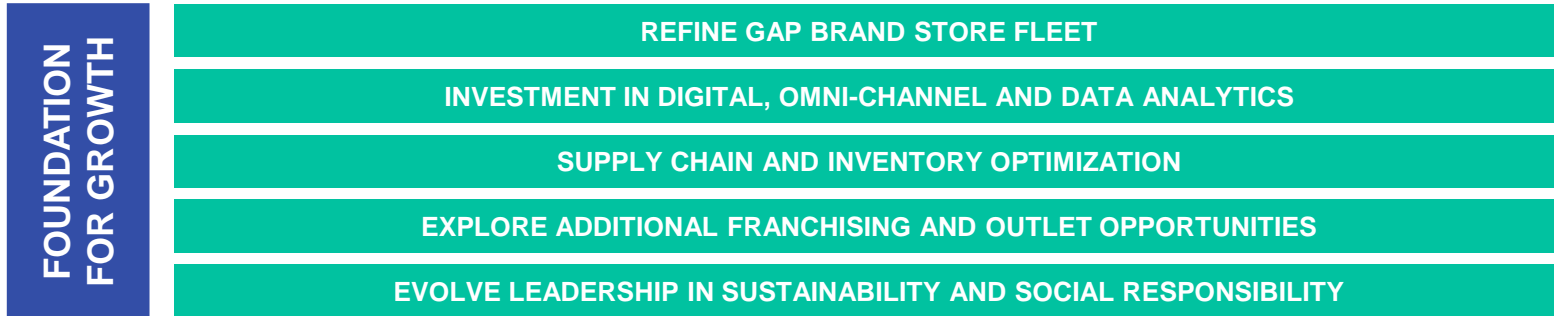
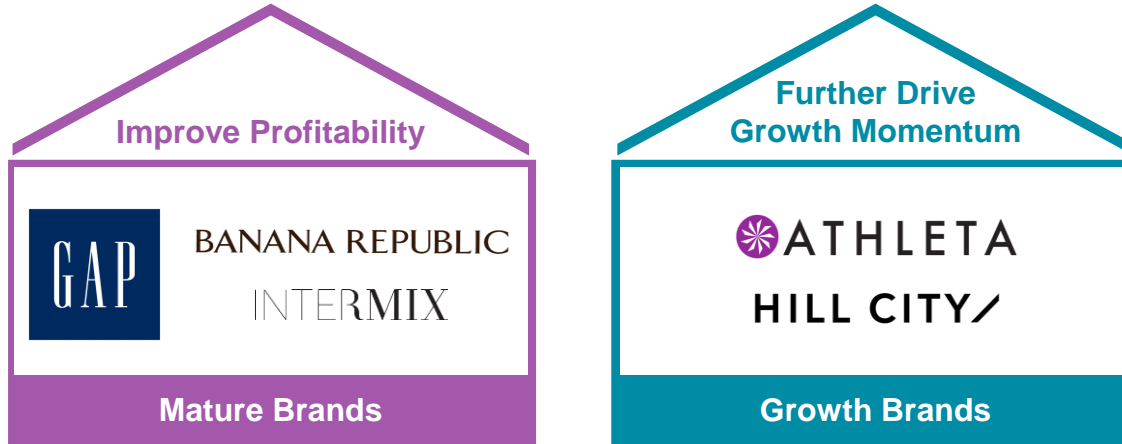
\$2.1Bn / 24% Online Revenue



Key Investment Highlights

- Consumer-relevant brands with **large, complementary and loyal customer bases**
- **Strong omni-channel platform** – Online, Mobile, In-Store – across multiple brands
- Advantaged capabilities to efficiently **deliver quality products and experiences**
- **Scale** that drives profitability and growth
- Leading the way in **sustainability and social responsibility**

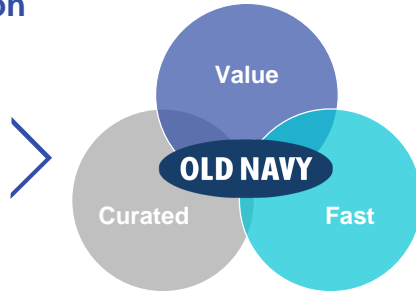
Significant Opportunities at NewCo



Old Navy – One of the Fastest-Growing Apparel Brands in the U.S.

Well-Positioned at the Intersection of Value, Speed and Curation

Strong foundation with robust and repeatable product-to-market process

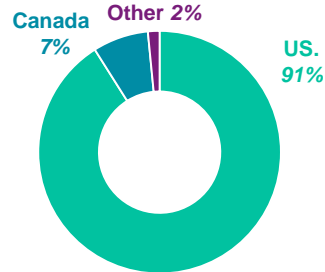


Runway to Grow Internationally and Online

\$7.9Bn
Revenue

\$1.6Bn / 20%
Online Revenue

2018 Revenue by Geography

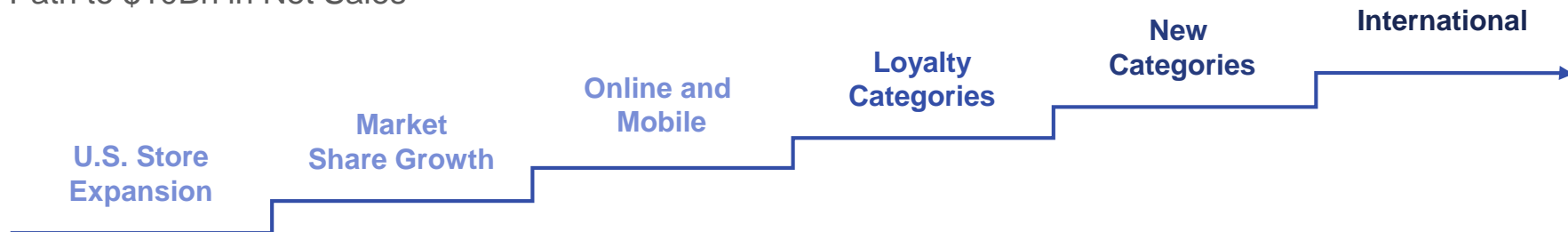


Key Investment Highlights

- Delivers quality product at **attractive margins** by leveraging vendor expertise
- Opportunity to **increase access with new stores**
- Maintains **favorable rent and occupancy** through limited exposure to traditional malls
- Utilizes **size and scale** to leverage investments in customer initiatives that deliver higher returns

Old Navy Has a Long Runway for Growth

Path to \$10Bn in Net Sales



Key Benefits of Standalone Old Navy

- Capitalize on scale, broad customer awareness and unique positioning to extend category leadership and deliver profitable growth
- Flexibility and control to increase customer access by further applying strategic real estate strategy, evolving omni-channel model and expanding product categories
- Invest in capabilities and initiatives that will continue to grow its market share

Transaction Details

Transaction Structure	<ul style="list-style-type: none">• Separation to be effected through a spin-off intended to generally be tax-free to Gap Inc. 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
Capital Structure Plans	<ul style="list-style-type: none">• Both companies expected to be appropriately capitalized with sufficient cash to support planned operating and investment plans
Governance / Other	<ul style="list-style-type: none">• Old Navy to be led by Sonia Syngal, current President and CEO of Old Navy• NewCo to be Led by Art Peck, current President and CEO of Gap Inc.• Both Old Navy and NewCo headquarters to remain in San Francisco
Timing and Conditions	<ul style="list-style-type: none">• Transaction is subject to certain conditions, including final approval by 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• Transaction currently targeted to be completed in 2020



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