

TINA ROMANI

INVESTOR RELATIONS

FORWARD-LOOKING STATEMENTS

This presentation contains 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. Words such as “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “project,” and similar expressions also identify forward-looking statements. Forward-looking statements include statements relating to future financial performance or potential future plans, strategies or transactions of the company following the proposed separation transaction and the structure, benefits, capitalization and timing of the completion of the separation transaction. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause the company’s actual results to differ materially from those in the forward-looking statements. These factors include, without limitation: the risk that the company will be unsuccessful in gauging apparel trends and changing consumer preferences; the highly competitive nature of the company’s business in the United States and internationally; the risk of failure to maintain, enhance and protect the company’s brand image; the risk of failure to attract and retain key personnel; the risk that the company’s investments may not deliver the results the company anticipates; the risk if the company is unable to manage its inventory effectively; the risk that the company is subject to data or other security breaches or of a failure of the company’s information technology systems; the risk that trade matters could increase the cost or reduce the supply of apparel available to the company; the risk of changes in the regulatory or administrative landscape; the risks to the company’s business, including its costs and supply chain, associated with global sourcing and manufacturing; the risk of changes in global economic conditions or consumer spending patterns; the risks to the company’s efforts to expand internationally; the risk that the company will be unsuccessful in securing new store locations and renewing, modifying, or terminating leases for existing store locations effectively; the risk of foreign currency exchange rate fluctuations; the risk that comparable sales and margins will experience fluctuations; the risk of changes in the company’s credit profile; the risk of reductions in income and cash flow from the company’s credit card agreement related to its private label and co-branded credit cards; the risk that the adoption of new accounting pronouncements will impact future results; the risk that the company will not be successful in defending various lawsuits and claims; risks associated with the impact, timing or terms of the separation transaction; the risk that the expected benefits of the separation transaction will not be realized within the expected time frame, in full or at all; the risk that conditions to the separation transaction will not be satisfied and/or that the separation transaction will not be completed within the expected time frame, on the expected terms or at all; the expected qualification of the separation transaction as a tax-free transaction for U.S. federal income tax purposes, including whether or not an IRS ruling will be sought or obtained; the risk that any consents or approvals required in connection with the separation transaction will not be received or obtained within the expected time frame, on the expected terms or at all; risks associated with expected financing transactions undertaken, and indebtedness incurred, in connection with the separation transaction; the risk that dissynergy costs, costs of restructuring transactions and other costs incurred in connection with the separation transaction will exceed estimates; and the impact of the separation transaction on the company’s businesses and the risk that the separation transaction may be more difficult, time-consuming or costly than expected, including diversion of management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties. There can be no assurance that the company’s separation transaction will in fact be completed in the manner described or at all. Additional information regarding factors that could cause results to differ can be found in The Gap, Inc.’s Annual Report on Form 10-K for the fiscal year ended February 2, 2019, as well as the company’s subsequent filings with the Securities and Exchange Commission.The company assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

PRESENTATION NOTES

Beginning with fiscal 2015, the slides in this presentation reflect Old Navy as a stand alone company under the carve out basis of accounting. Prior to fiscal 2015, the slides reflect Old Navy as an operating segment within The Gap, Inc.

The derived GapINC metrics reflect the historical Gap, Inc. financial metrics less the Old Navy carve out results. Accordingly, the numbers may differ from the GapINC financial statements with Old Navy presented as a discontinued operation after the separation.

2018 financial metrics reflect the adoption of the new revenue recognition standard, ASC 606, which resulted in an increase of $619 million in Gap, Inc. net sales. This consists of a reclassification of $443 million from operating expenses to net sales for revenue sharing associated with the company's credit card programs and breakage income for our gift cards, as well as a reclassification of $176 million from cost of goods sold and occupancy expenses to net sales for reimbursements of loyalty program discounts associated with the company's credit card programs. See the Gap, Inc. fiscal 2018 Form 10-K for additional information on the adoption of the new revenue recognition standard.

For Old Navy, ASC 606 resulted in an increase of $280 million in net sales in 2018, consisting of $200 million reclassified from operating expenses and $80 million reclassified from cost of goods sold and occupancy expenses.

SEC REGULATION G
This presentation includes the non-GAAP measures adjusted EBIT and adjusted EBITDA. Please refer to the appendix to this presentation for the descriptions and reconciliations of these measures from the most directly comparable GAAP financial measures.























AGENDA

OPENING REMARKS
Art Peck

OLD NAVY
Sonia Syngal

GapINC
Art Peck

FINANCIAL OVERVIEW
Teri List-Stoll

Q&A PANEL
Art, Sonia & Teri

UNIQUE STRENGTHS DIFFERENT PATHS

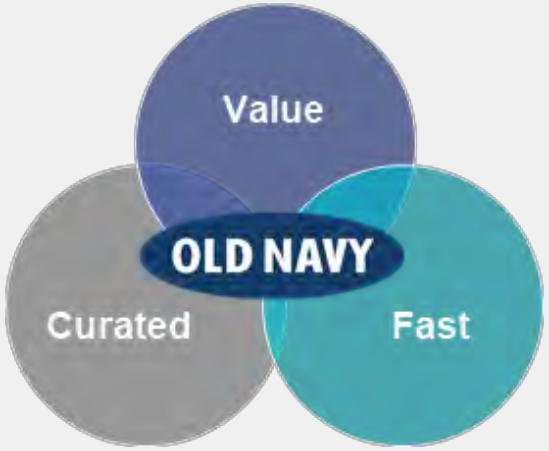
Creates Two Independent Companies with Unique Strategies and Opportunities

GapINC.

GAP BANANA REPUBLIC ATHLETA

INTERMIX HILL CITY JANIE AND JACK

- Consumer-relevant brands with large, complementary and loyal customer bases
- Strong omni-channel platform
- Advantaged capabilities to efficiently deliver quality products and experiences
- Scale that drives profitability and growth
- Leading the way in sustainability and social responsibility
- Focused game plan to improve profitability and drive growth

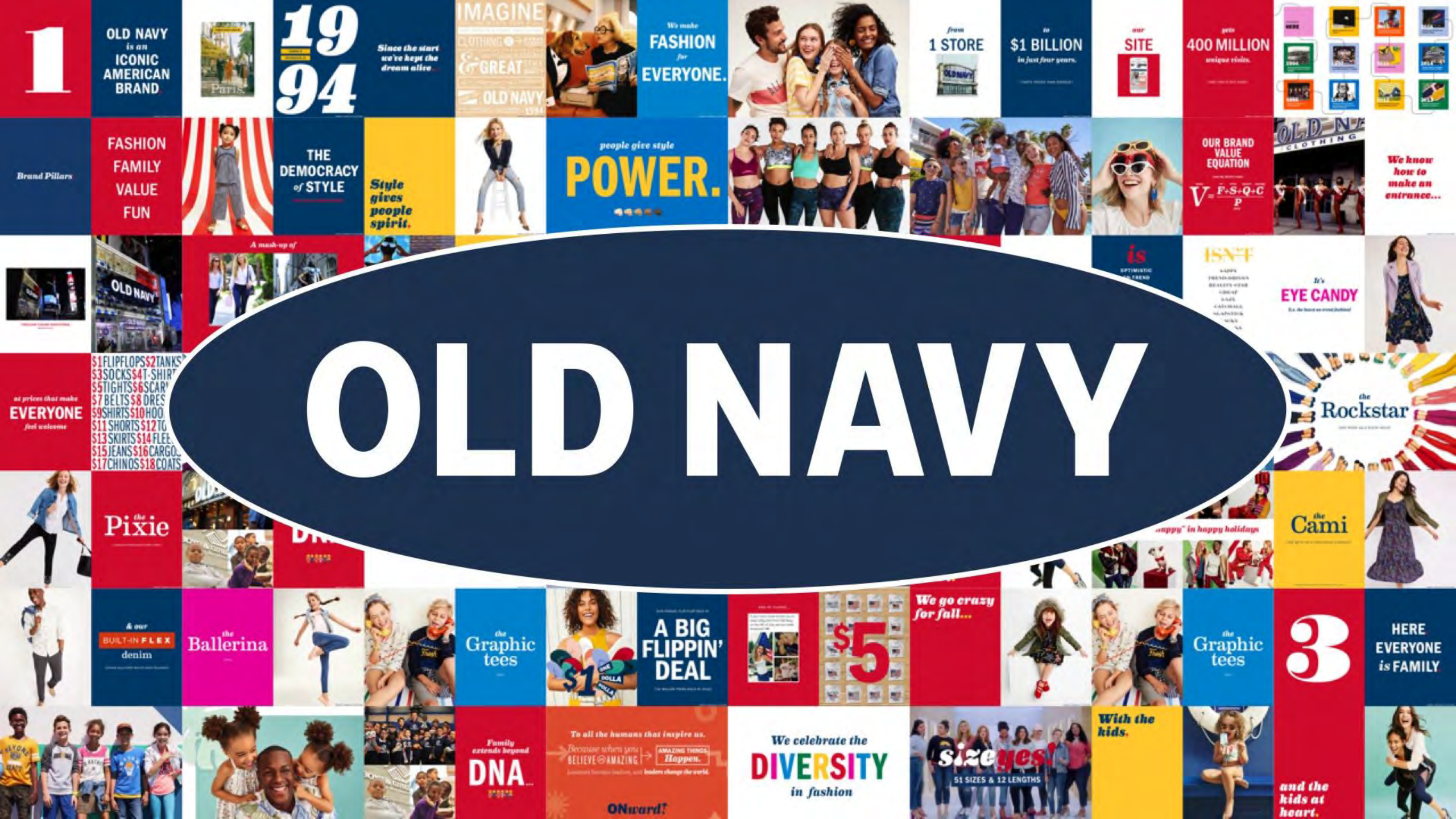


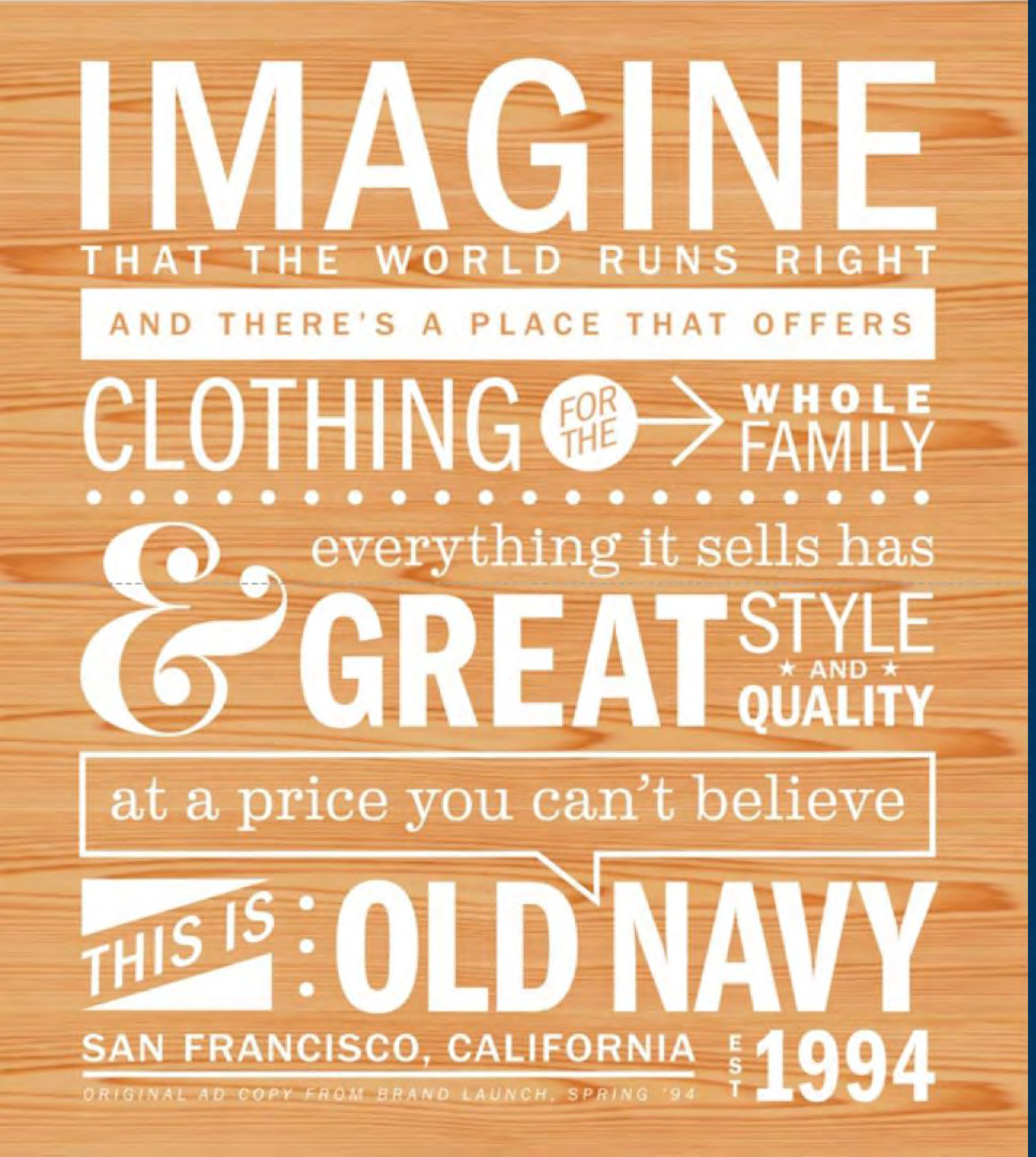
- Unique brand positioning at the intersection of value and specialty apparel
- Large and growing customer base with levers to drive lifetime value
- Multiple growth drivers: new stores, online, new categories
- Highly profitable store fleet complemented by a strong e-commerce business
- Strong financial model with significant cash flow generation
- Mono-brand focus and capital resources for growth



SONIA SYNGAL

GLOBAL BRAND PRESIDENT AND CHIEF EXECUTIVE OFFICER


OLD NAVY



We believe in the democracy of style



1994

Old Navy opens its first store in Colma, CA



1995

Manhattan flagship opens, Rockettes perform



1996

Performance Fleece becomes a household name. Carrie Donovan declares it 'fabulous!'



1997

First retailer to reach $1 billion in sales within four years of opening



2001

Old Navy launches in Canada



2005

"$1 Flip Flop Sale" causes a flip flop frenzy. Kicks off a yearly tradition



2011

Old Navy Active hits stores



2012

The Rockstar debuts, becoming our best selling jean to date



2015

oldnavy.com hits $1B in sales



2016

Old Navy opens its Mexico City flagship in Madero



2017

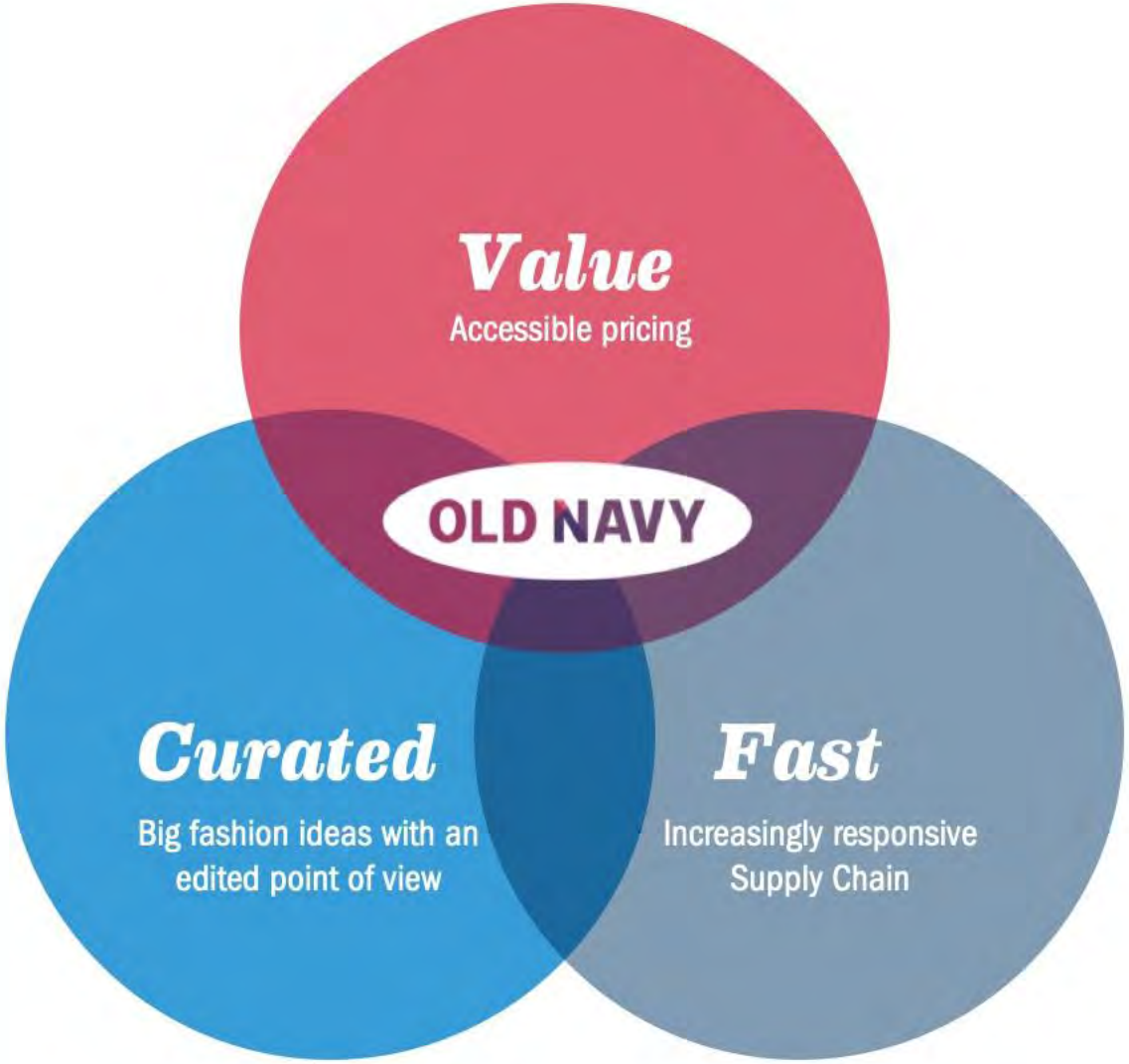
Playfully optimistic prints for the whole family take #minime trend to the masses



2019

Old Navy announces it will become a stand-alone public company and celebrates 25 years of belonging

Uniquely advantaged at the intersection of Value, Curated and Fast Sectors



Old Navy by the Numbers

SCALE

$7.9B
NET SALES IN 2018

#2
APPAREL BRAND MARKET SHARE IN THE U.S.[1]

42M
KNOWN ACTIVE CUSTOMERS IN 2018

STRONG MOMENTUM

7%
NET SALES 2016 – 2018 CAGR[2]

145
NEW STORES OPENED 2016 - 2018

$1.6B
ONLINE SALES IN 2018 WITH PROFITABILITY SIMILAR TO STORES

PROFITABILITY

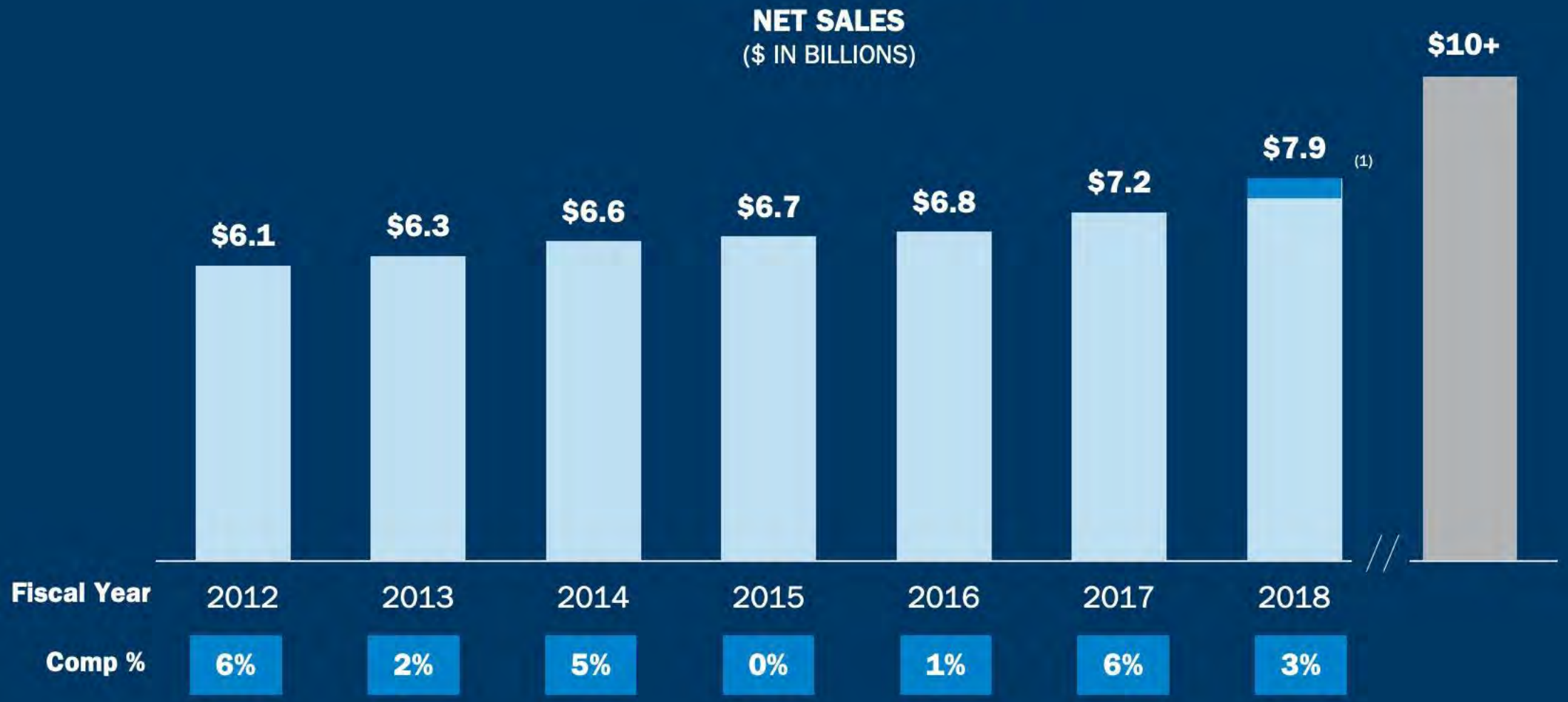
mid-20s
4-WALL CASH CONTRIBUTION MARGIN IN 2018[3]

$1.4B
ADJUSTED EBITDA IN 2018[4]

18%
ADJUSTED EBITDA MARGINS 2016 – 2018 AVERAGE[4]

1. The NPD Group /Consumer Tracking Service/ U.S. Dollar Share, 12 Months Ending January 2019. 2. 2018 financial metrics reflect the adoption of the new revenue recognition standard, which resulted in an increase of $280 million in net sales; CAGR calculated based on amounts in millions. 3. Includes store gross profit and operating expenses attributable to stores and store operations, less store depreciation. Excludes net sales related to the credit card program and non-store expenses such as corporate overhead and marketing. Excludes online and franchise stores. 4. Non-GAAP reconciliations are included in the Appendix.

Path to $10 Billion and Beyond



1. Reflects the adoption of the new revenue recognition standard, which resulted in an increase of $280 million in net sales for FY'18 and $288M for LTM Q2'19

Competitive Strengths

Iconic American Brand
with Broad Customer Appeal & Leading Brand Share

A Value Brand with Values
Standing for Opportunity, Sustainability, Inclusivity

Highly Profitable Store Base
Focused on Off-Mall Locations

Leading E-commerce Channel
versus top apparel retailers

Efficient Product Operations
and Proven, Scaled Supply Chain

Strong Financial Model
with Significant Cash Flow Generation

Iconic American Brand with Broad Customer Appeal

Gives us room to grow in the $284 Billion U.S. Apparel Market[6]

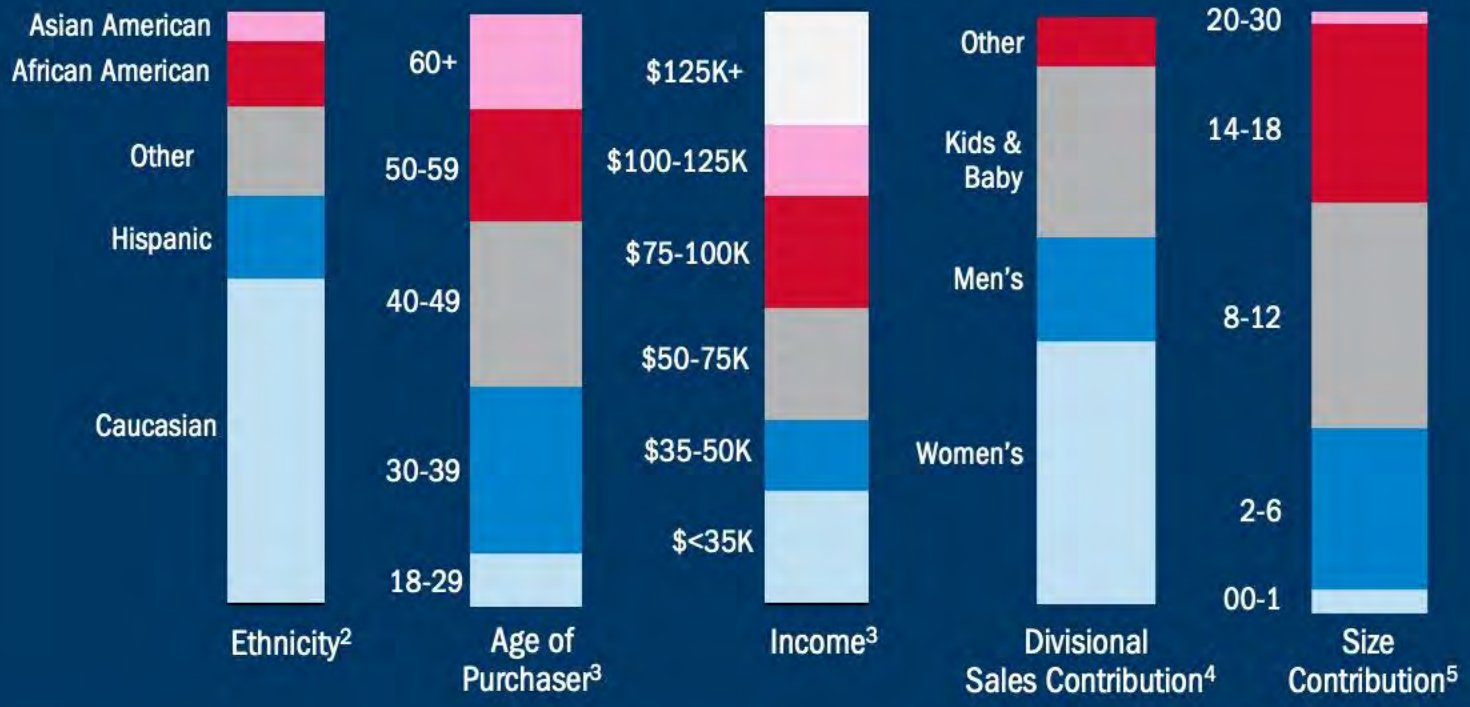
#2 APPAREL BRAND HEALTH

ACCORDING TO YOUGOV BRAND INDEX SCORES BY RETAILER[1]

Q3 2018 – Q2 2019



OLD NAVY U.S. CUSTOMERS AND CONTRIBUTION



1. You Gov Brand Index: Average of Quality, Value, Impression, Satisfaction, Impression, Reputation and Recommendation. Data is representative of the U.S. General Population (A18+) of consumers.
2. Old Navy 2018 U.S. Known Customer File, Merkle 3. Old Navy 2018 U.S. Known Customer File 4. 2018 U.S. Divisional Sales Contributions 5. 2018 U.S. Women's Denim Sales Contributions. 6. Euromonitor , 2018

Fit, Style and Quality at Jaw-Dropping Prices



Category disrupting “must-haves” that deliver innovation, quality and trend

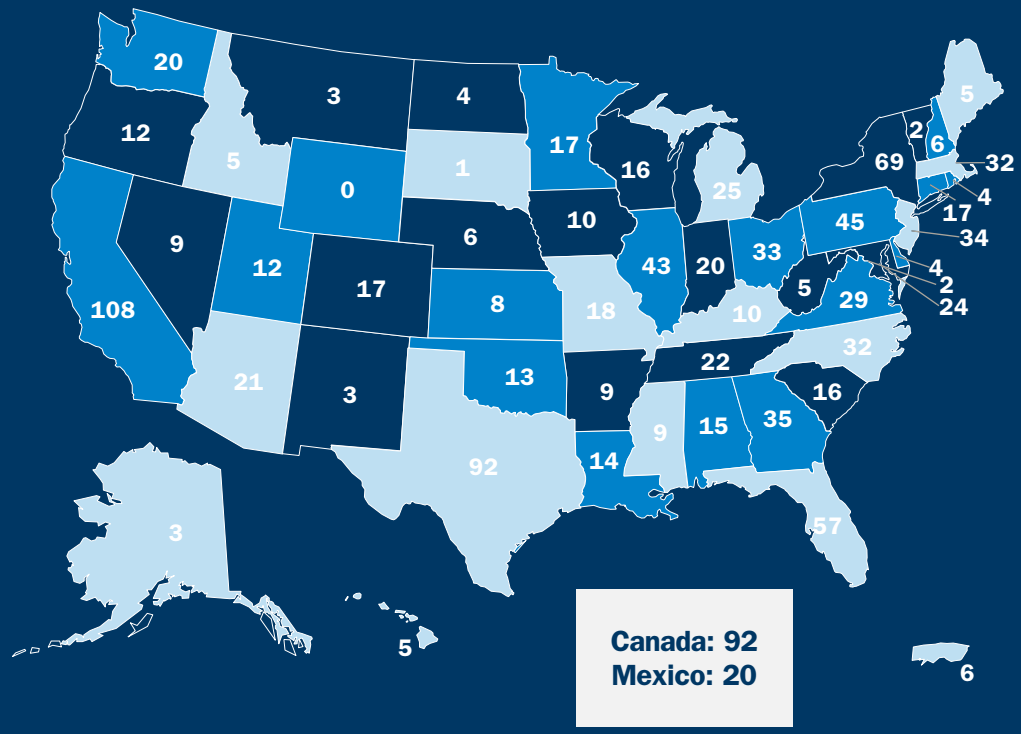


Brand-defining items that drive traffic and urgency

Profitable North America Store Portfolio

1,139 STORES WITH ~2,000 STORE LONG-TERM POTENTIAL

As of Year-End FY 2018



mid-20s

FOUR-WALL CASH CONTRIBUTION MARGIN IN 2018[1]

75%

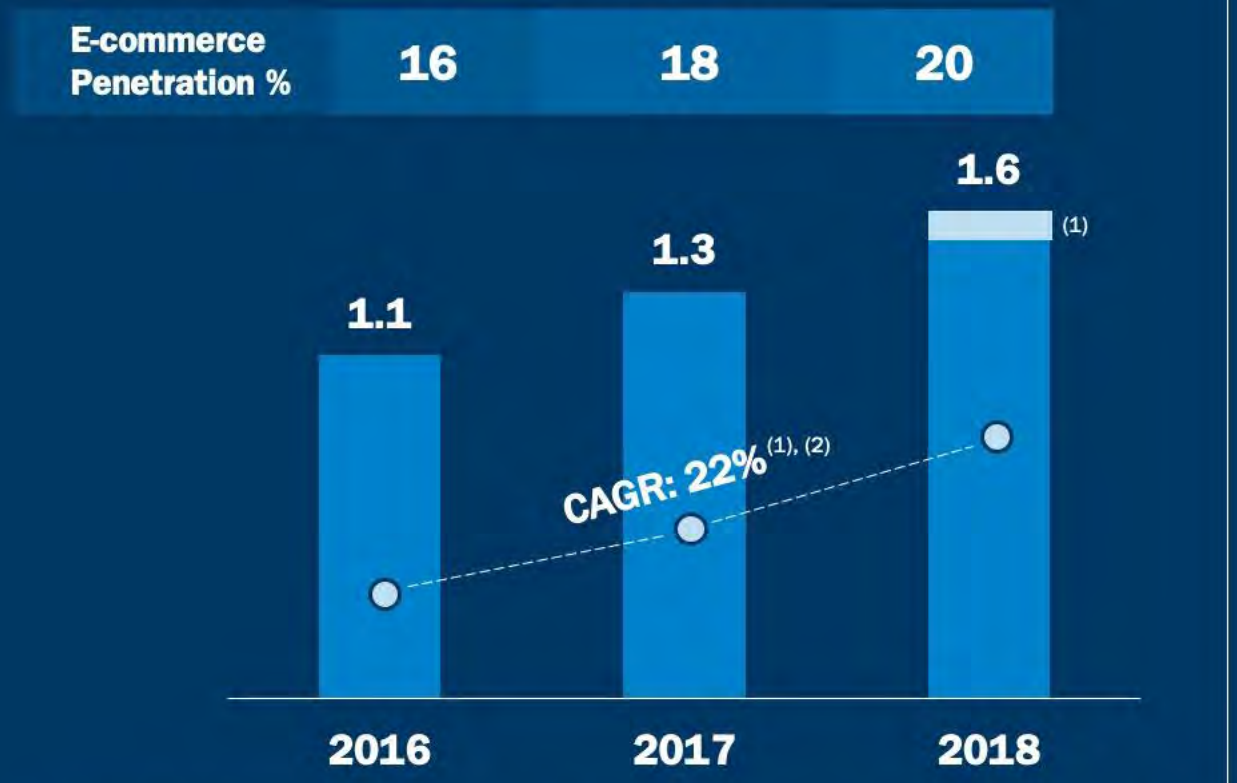
IN OFF-MALL LOCATIONS

Primarily Concentrated in North America; Nascent China & Franchise Operations

1. Includes store gross profit and operating expenses attributable to stores and store operations, less store depreciation. Excludes net sales related to the credit card program and non-store expenses such as corporate overhead and marketing. Excludes online and franchise stores.

Leading E-commerce Channel

E-COMMERCE NET SALES
($ IN BILLIONS)



High Online Penetration vs. Top Apparel Retailers[3]
(2018)

20%
OLD NAVY

7%
TOP APPAREL RETAILER MEDIAN

4th Largest
U.S. Apparel E-commerce Site[4]
(2018)

1. 2018 financial metrics reflect the adoption of the new revenue recognition standard, which resulted in an increase of $70 million in net sales. 2. CAGR calculated based on amounts in millions.
3. Based on median 2018 online penetration (defined as online sales as % of total sales) of Walmart, Kohl's, Target, Macy's, TJX, Ross, JC Penney, L Brands, sourced from company data and public filings.
4. The NPD Group /Consumer Tracking Service/ U.S. Dollar Share, Website, 12 Months Ending January 2019

Efficient Product Operations and Proven, Scaled Supply Chain

Repeatable, disciplined product-to-market processes with improved testing and in-season responsiveness

Gross margin expansion from 2016 to 2018

Geographically diverse vendor base

Only Vietnam accounts for more than 15% volume at cost



Strong vendor relationships optimize unit cost, inventory flexibility and responsiveness to drive profitability

Top 20 vendors produce ~60% of volume at cost

Scaled, global supply chain rooted in substantial unit volumes delivers product and logistics cost advantage

~700M units annually

A Value Brand with Values

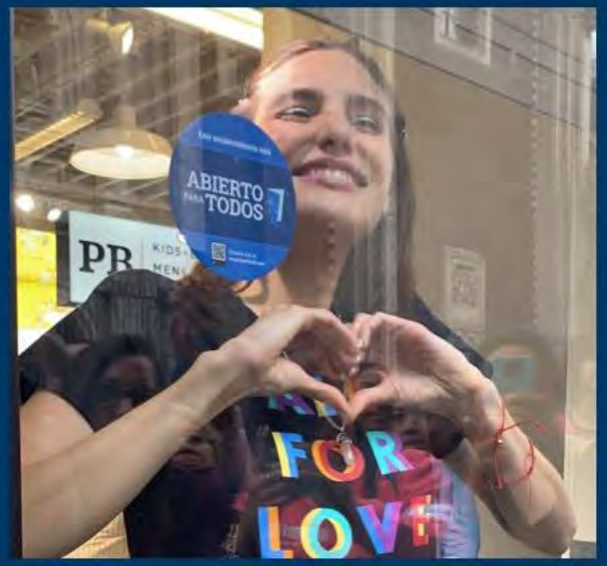
We stand for Opportunity, Sustainability, Inclusivity



Partner with non-profits to take youth to the next level. More than $1M donated for Boys & Girls Clubs of America in 2018



Committed to sustainably sourcing 100% of our cotton and making 100% of our denim using water saving techniques by 2022



Founding partner of the Open to All Coalition. First company to extend the pledge to Canada and Mexico

We are the #2 Apparel Brand and #9 Apparel Retailer

at 3.0% Market Share We Have Significant Share Opportunity

#2

APPAREL BRAND

MARKET SHARE IN THE U.S.[1]

#9

APPAREL RETAILER

MARKET SHARE IN THE U.S.[1]

1. The NPD Group /Consumer Tracking Service/ U.S. Dollar Share, 12 Months Ending January 2019

Old Navy Growth Strategy

to $10B Net Sales and Beyond

Win with Product

Drive Market Share Through Category Focus & Category Expansion

Drive Online Growth

And a Superior Omni-channel Experience

Double Fleet to ~2,000 Stores in North America

Predominantly in Underserved Small Markets

Acquire New Customers + Drive Lifetime Value

Through Personalization & Multi-tender Loyalty

Separation Unlocks Value

Simplicity of a Mono-Brand drives speed and focus

WIN WITH PRODUCT

Drive Market Share Through Category Focus[1]

MAINTAIN BRAND SHARE

~$90 Billion Addressable Market

#1 Knit Tops (non-active)



#1 Pants (non-active)



#1 Shorts (non-active)



#1 Sweaters



#2 Dresses + Skirts



#2 Woven Tops



ACCELERATE BRAND SHARE

~$100 Billion Addressable Market

#2 Kids + Baby



#3 Jeans



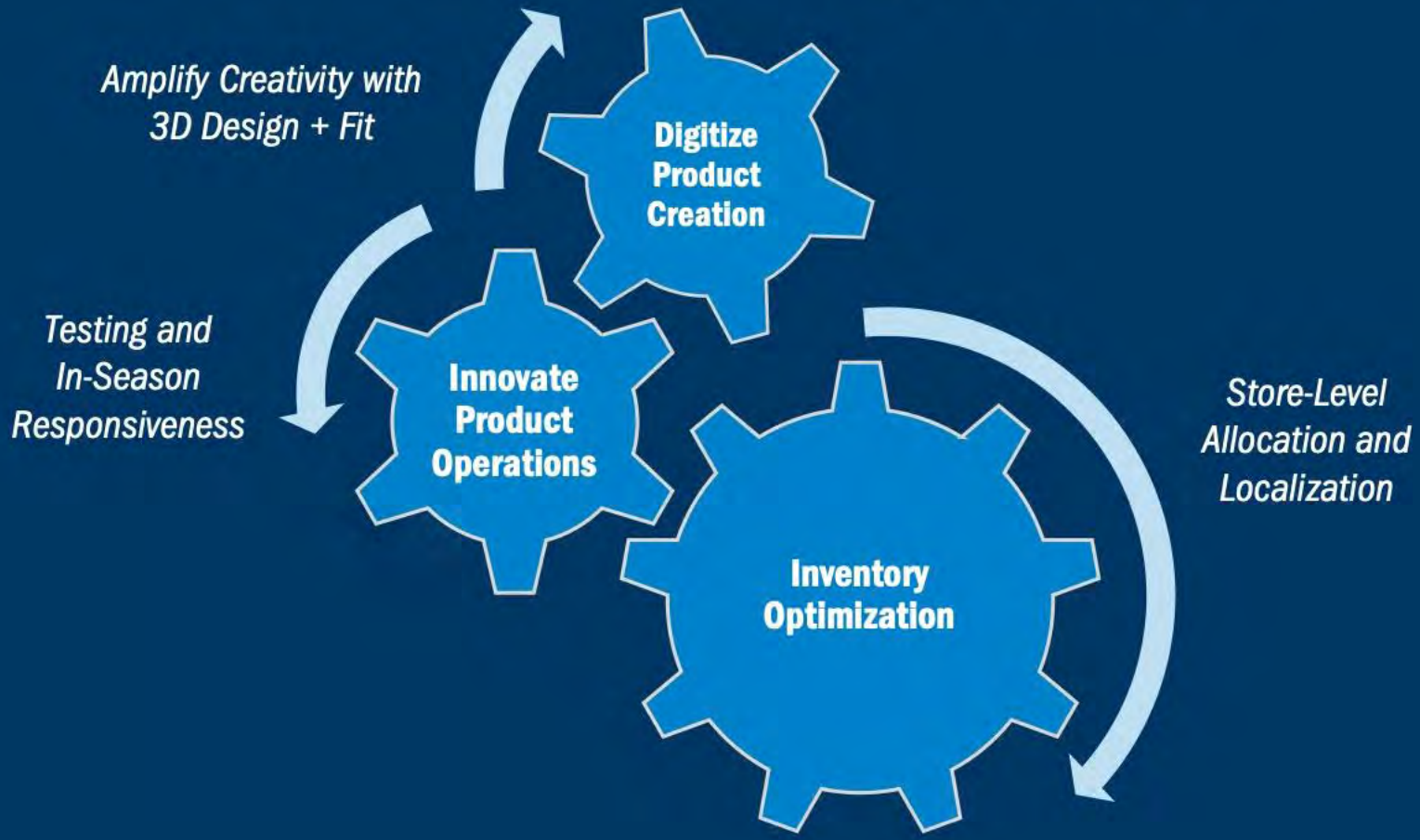
#5 Active



1. The NPD Group /Consumer Tracking Service/ U.S. Dollar Share, 12 Months Ending January 2019

WIN WITH PRODUCT

Drive Consistent Results and Margin Expansion with Data and Digitization



WIN WITH PRODUCT

Grow Adjacent Categories through Expanded Size and Product Offerings



PLUS

- Acquire new customers and grow share in underserved Plus size market (16+)
- Amplify growing online business with in-store Plus Shops

Longer-term

INTIMATES

- Extend the democracy of style to her inner wear

BEAUTY

- Capture share in high growth mass beauty market to drive frequency and basket size

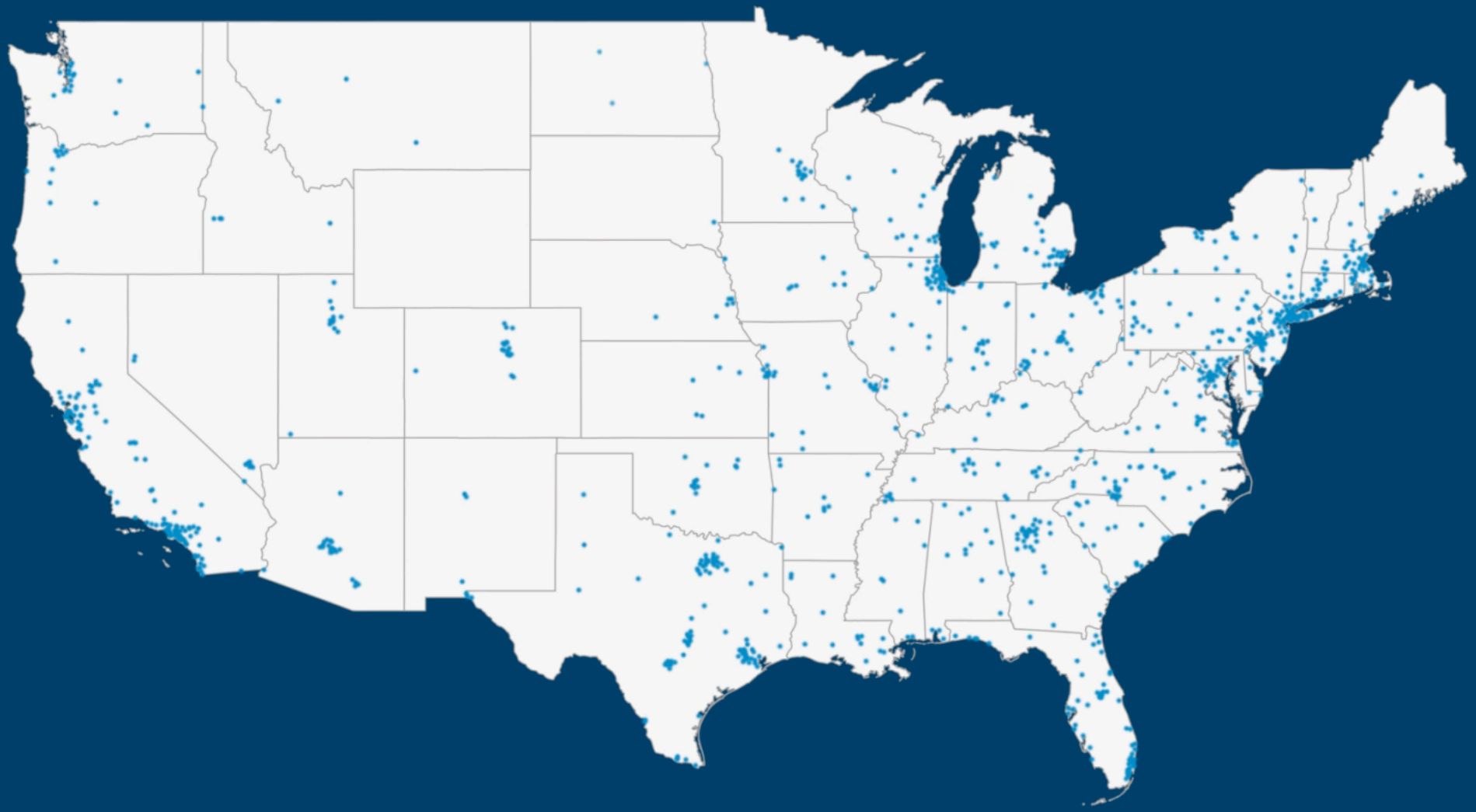
Double the Fleet to ~2,000 Stores in North America



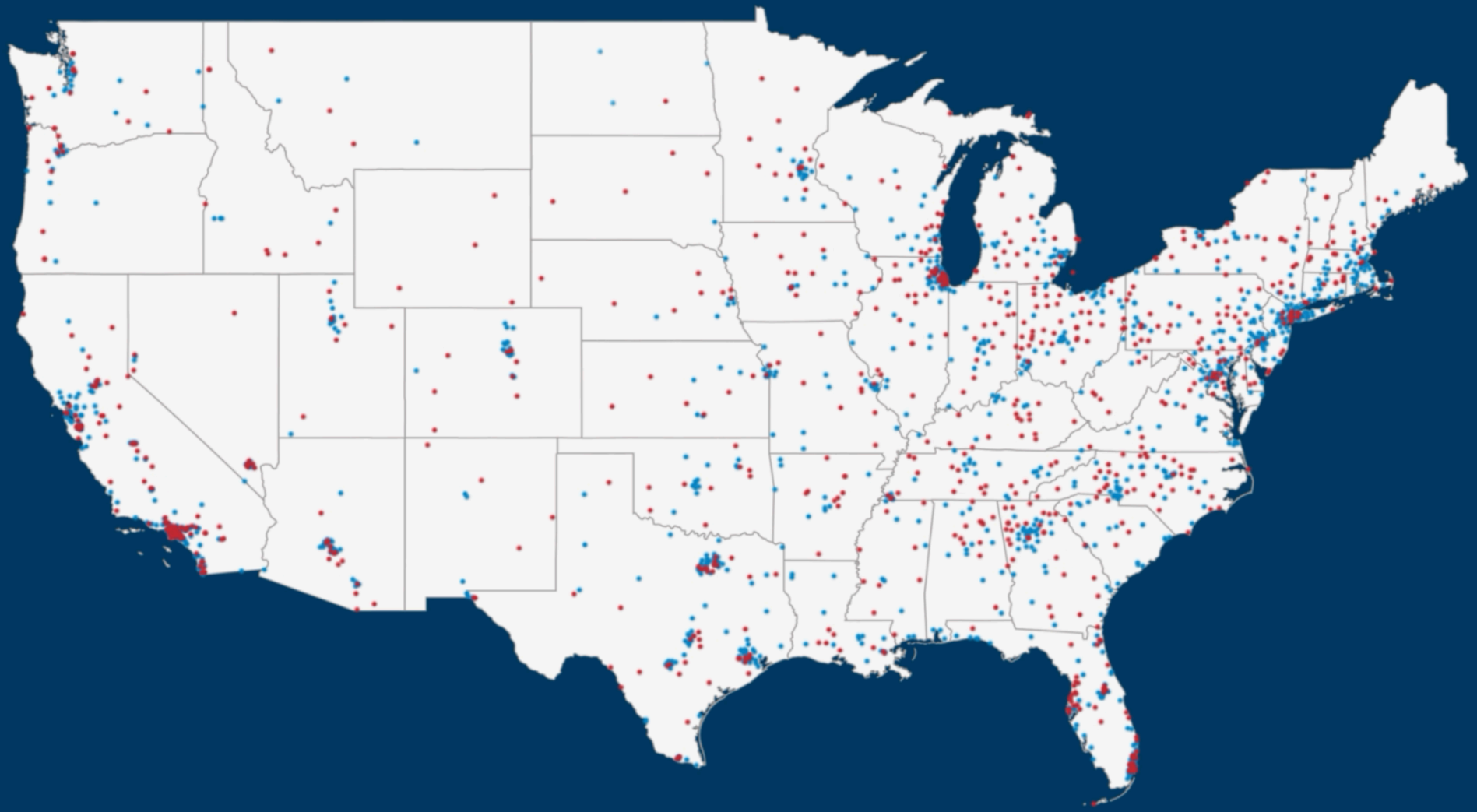
- Open ~75 stores annually focused on off-mall locations
- Focus on underserved small markets, resulting in lower unit volumes
- New store target economics; in-line with current fleet:
  - Mid-20s four-wall cash contribution margin[3]
  - ~60% Cash on cash returns[4]
- Expanded fleet drives new customer acquisition and Omni-channel amplification

1. Traditional and Infill Markets population > 200K. 2. Small Market population < 200K. 3. Includes store gross profit and operating expenses attributable to stores and store operations, less store depreciation. Excludes net sales related to the credit card program and non-store expenses such as corporate overhead and marketing. Excludes online and franchise stores. 4. 4-Wall annual cash contribution divided by capital investment.

~1,140 Existing Store Fleet



~2,000 Store Fleet of the Future



Drive E-commerce Growth and Deliver a Superior Omni-Channel Experience



Create a faster, easier, end-to-end experience

Mobile-first site improvements, app acceleration, and expanded payment options



Develop a personalized customer experience

Tailor each touchpoint, implement outfitting and shoppable assets, and expand product depth/breadth



Enhance the experience with store remodels

Consistent remodel program to bring life to our store environment, enhance product merchandising and drive operational efficiencies



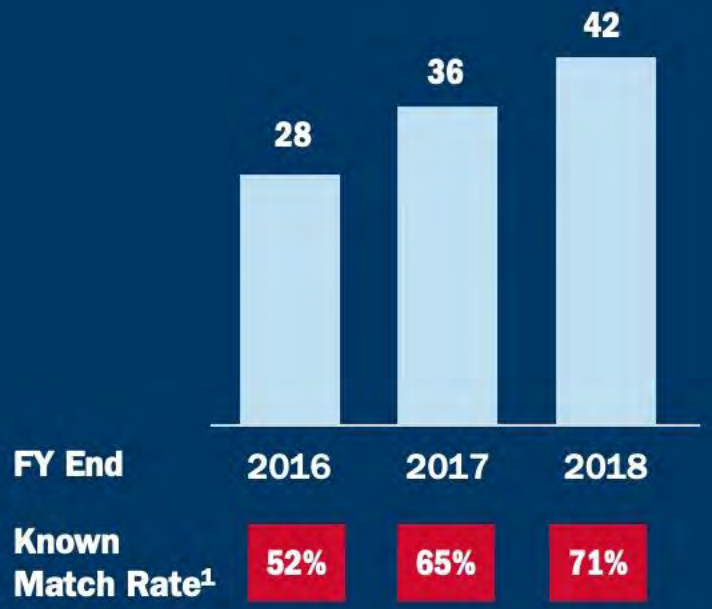
Increase convenience with Omni-channel capabilities

Buy Online Pick-Up In store, order In Store, Ship from Store, easy In-store returns

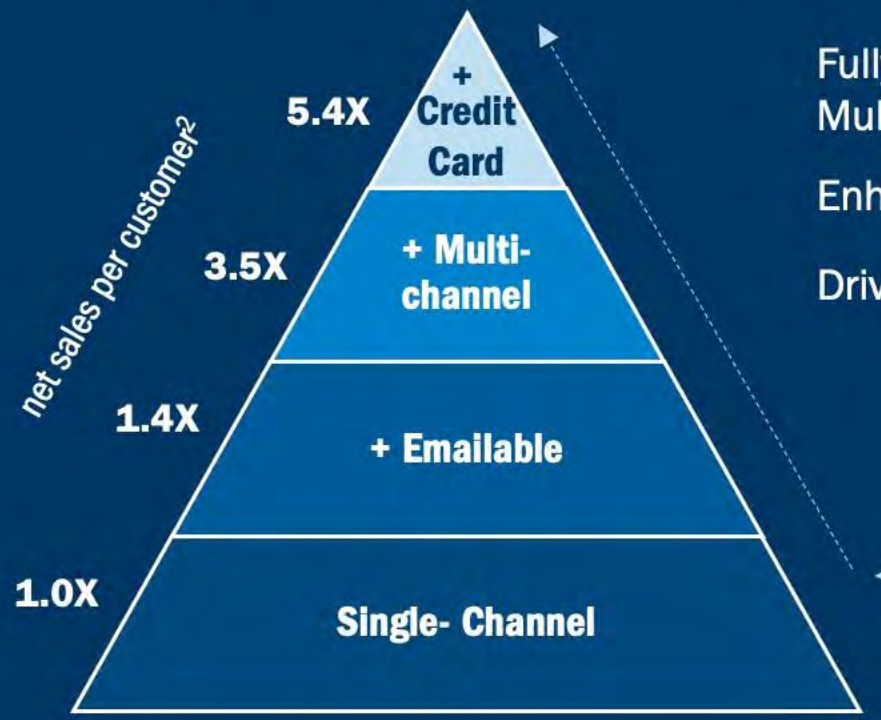
Acquire New Customers and Drive Lifetime Value

GLOBAL KNOWN ACTIVE CUSTOMER FILE

in millions



DRIVE LIFETIME VALUE AND ACCELERATE WITH NEW CAPABILITIES



Fully Integrated Multi-tender Loyalty

Enhanced Personalization

Driven By Customer Data

1. Net sales of known customers over total net sales 2. ON U.S. fiscal 2018

Key Investment Highlights

1

Unique brand positioning at the intersection of value and specialty apparel

2

Large and growing customer base with levers to drive lifetime value

3

Multiple growth drivers: new stores, online, new categories

4

Highly profitable store fleet complemented by a strong e-commerce business

5

Strong financial model with significant cash flow generation

6

Mono-brand focus and capital resources for growth



ART PECK

PRESIDENT AND CHIEF EXECUTIVE OFFICER



WE DO MORE THAN SELL CLOTHES.

WE INSPIRE CONFIDENCE THROUGH SUSTAINABLE STYLE.


Profit
GAME PLAN
Brands + Platform
Purpose



73% of consumers say it's important that the brand they purchase practices sustainability[1]

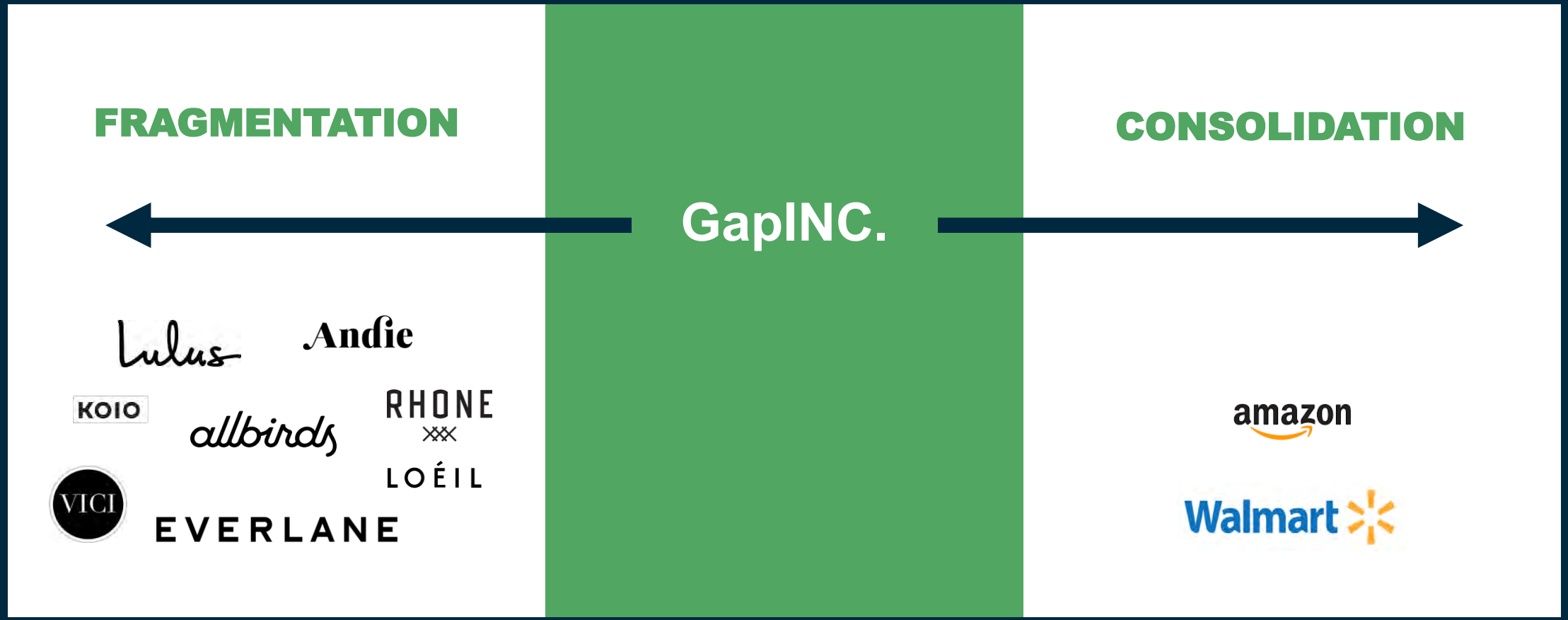
G7 Fashion Pact
Transforming the practices of the fashion and textile industry

Color Proud
Banana Republic's True Hues collection

Customer
Over 90M known customers, 32M known active customers
7M loyalty program customers[2]

1. Gap Inc. Sustainability Survey of ~1,600 consumers, Gap Inc. Consumer Insights August 2019
2. Known and known active customers as of the end of FY 2018; loyalty customers as of September 2019.

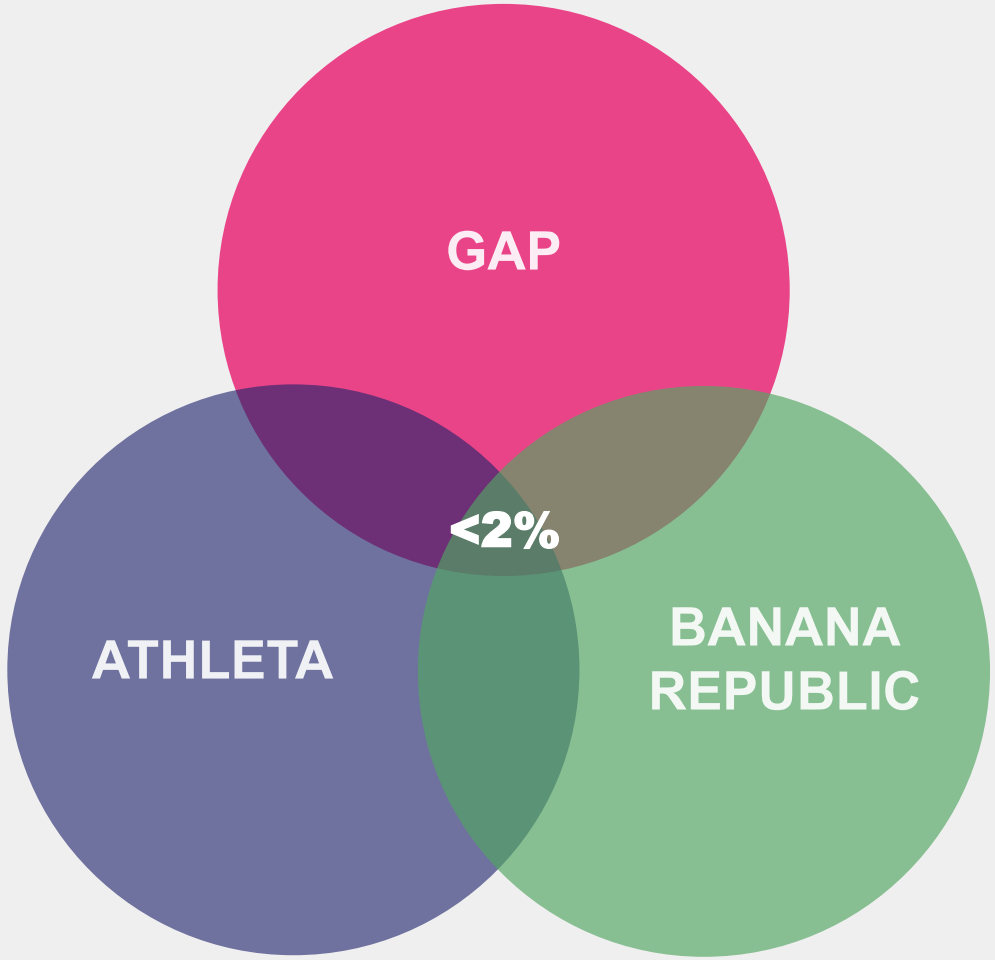
GapINC. IS WELL POSITIONED



MARKET OPPORTUNITY

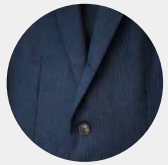


OUR CUSTOMER AND PORTFOLIO ASSET

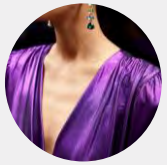


USE OCCASIONS


CASUAL


PROFESSIONAL


ACTIVE


SPECIAL OCCASION

PRICE POINTS

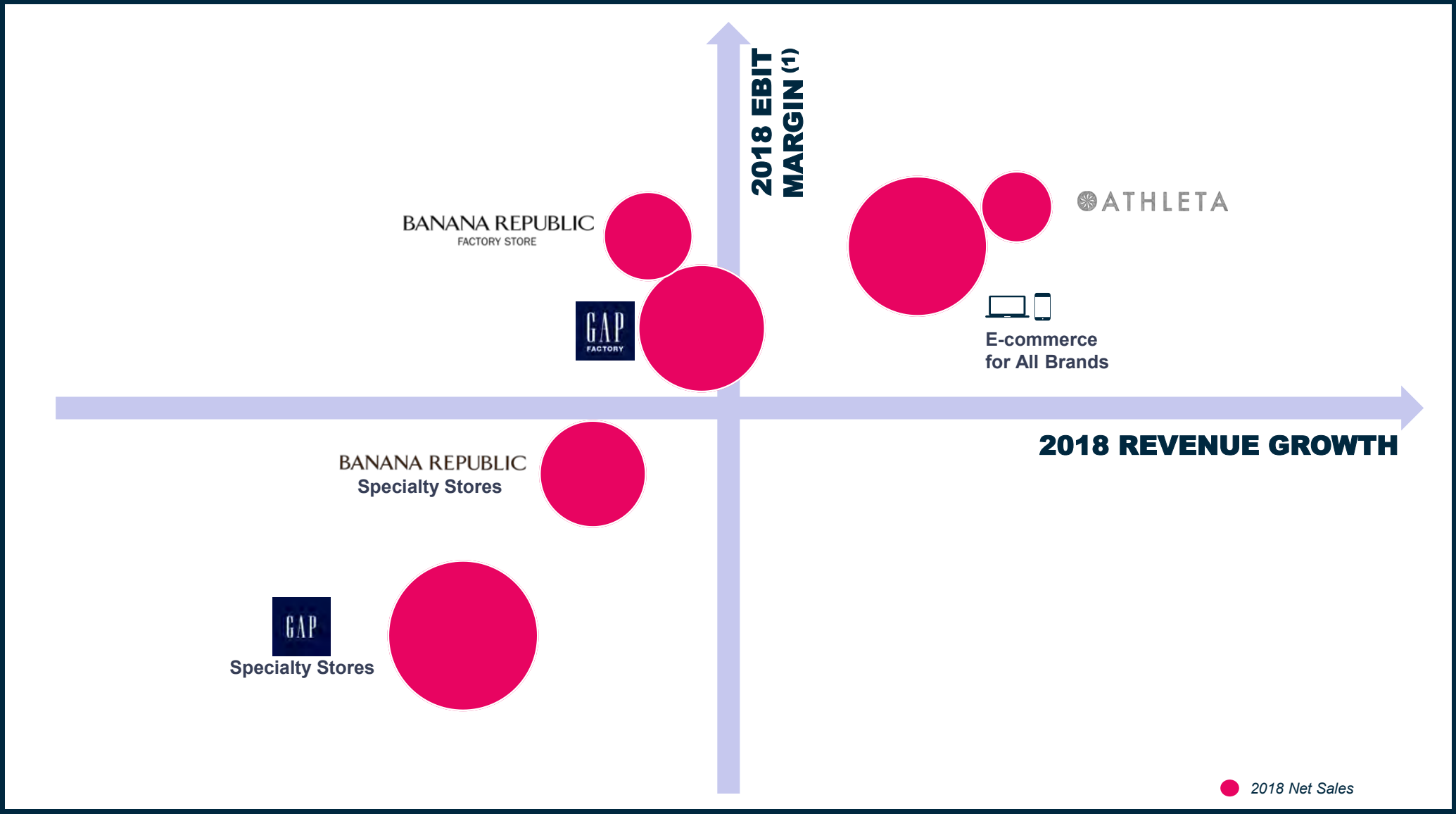
VALUE

MID-PRICED

PREMIUM

LUXURY

PORTFOLIO TODAY



(1) Represents global fully loaded channel contribution, including overhead allocations

OUR GAME PLAN

RALLY OUR ICONIC BRANDS

GAP

BANANA REPUBLIC

IMPROVE PROFITABILITY

ACCELERATE GROWTH BRANDS



DRIVE GROWTH MOMENTUM

OPERATE AN EFFICIENT COST STRUCTURE

STRATEGICALLY APPLY DATA

IMPLEMENT FULLY-LEVERAGED PRODUCT OPERATING MODEL

RE-INVENT CUSTOMER ACCESS

LEAD IN SUSTAINABILITY



WE CREATE THE CLOTHES YOU LOVE TO LIVE IN

89% BRAND AWARENESS(1)

62.7 NET PROMOTER SCORE(2)

~23% OF NET SALES FROM E-COMMERCE(3)

ROAD AHEAD

Meaningful opportunity to recapture profitability through fleet rationalization, cost reduction, operational discipline and gross margin expansion.

- **PRODUCT**: Lead in Denim. Improve product quality, fit and style by leveraging product operating model transformation. Improve margin by utilizing and strategically applying data capabilities to reduce waste
- **MARKETING**: Enhance brand engagement and drive traffic by capitalizing on customer data insights to launch differentiated compelling marketing campaigns; Emotional campaigns grounded in brands heritage, authenticity and values that resonate across the customer base
- **EXPERIENCE**: Enhance omni-channel shopping experience, starting with fleet rationalization and bringing existing fleet to brand standards.

1) Source: Ipsos Marketing, Women's, December 2018.
2) Source: Medallia, Q2 FY19.
3) For FY18.



ANATOMY OF GAP'S TURNAROUND

SPECIALTY

OUTLET

ONLINE

NORTH AMERICA

WOMEN'S

BOTTOMS

DENIM

It's Our Denim Now.



TRANSFORMING
OUR SPECIALTY STORE FLEET

EXISTING FLEET

- ~1/2 Specialty / ~1/2 Outlet + Online[1]
- Specialty ROD structure drag on profitability
- Complex + expensive field organization

RATIONALIZED FLEET

- Shift into more balanced mix; ~1/3 Specialty/Outlet/Online
- Improved sales productivity and lower ROD expense
- Rationalized fleet organization expected to deliver SG&A savings
- Respectful experience, fleet up to brand standards

FUTURE FLEET

- New locations being tested
- Prudent re-investment strategy in remaining fleet (testing low-medium scope remodels)
- Maintain a presence in key markets
- Leverage omni revenue opportunity

1) For FY18.



STYLE FOR LIFE
WITH NO BOUNDARIES

83% BRAND AWARENESS(1)

68.0 NET PROMOTER SCORE(2)

~22% OF NET SALES FROM E-COMMERCE(3)

88% 4-STAR PRODUCT RATINGS

ROAD AHEAD

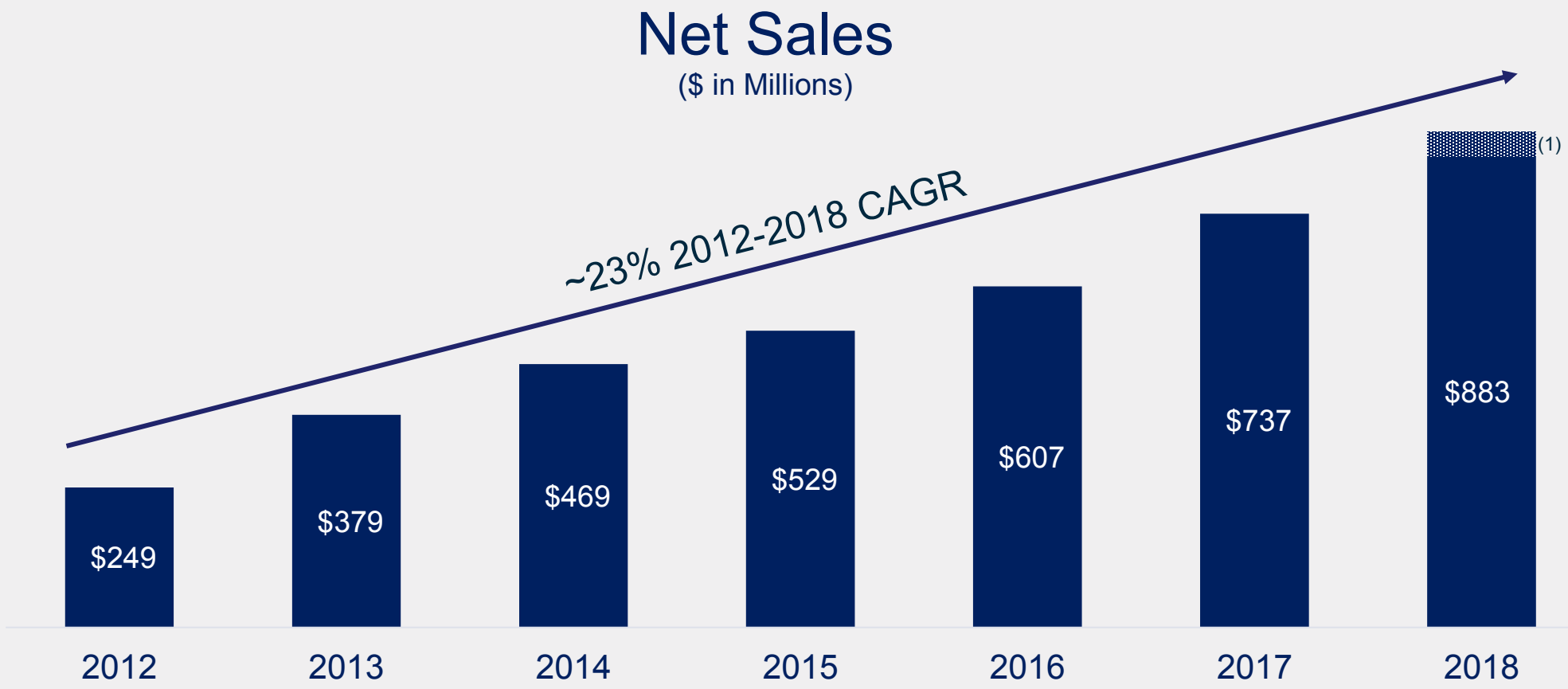
Healthy margin, meaningful opportunity to recapture historical levels of profitability through gross margin expansion and operational discipline

- **PRODUCT**: Focus on dresses, knits, denim, woven tops. Expand sizing online.
- **MARKETING**: Focus on expanding customer base by acquiring younger customers; focused digital marketing with consistent point of view
- **EXPERIENCE**: Connect emotionally through shared values: sustainability, in-store experience (Buy Online Pick Up In Store, test concept store), Subscription launch (used to gather valuable insights that can be used to design future product and experiences)

1) Source: Ipsos Marketing, Women's, December 2018.
2) Source: Medallia, Q2 FY19.
3) For FY18.

ATHLETA

LONG HISTORY OF GROWTH



1) 2018 reflects the adoption of the new revenue recognition standard, which results in an increase in net sales.



PURPOSE DRIVEN BRAND

FOCUSED ON EMPOWERING WOMEN & GIRLS

41% BRAND AWARENESS(1)

80.7 NET PROMOTER SCORE(2)

$24B MARKET OPPORTUNITY(3) IN ACTIVE WOMEN'S

~43% OF NET SALES FROM E-COMMERCE(4)

ROAD AHEAD → PATH TO DOUBLE BUSINESS

Capitalize on sweet spot of converging and accelerating macro, lifestyle, and values trends

- **PRODUCT:** Win at intersection of performance, beauty and sustainability. Capitalize on re-launch of 1x to 3x size range.
- **MARKETING:** Accelerating investment into effective omni-marketing model; Signed first-ever sponsored athlete, Allyson Felix.
- **EXPERIENCE:** Accelerate profitable store expansion by leveraging a highly predictive deployment model informed by online demand. Further invest in digital capabilities to elevate and enhance premium customer experience. Expand into opportunities beyond US market.

1. Source: Ipsos Marketing, Women's, December 2018.
2. NPS Source: Medallia, FY19 Q2
3. Source: The NPD Group /Consumer Tracking Service/ U.S. Dollar Sales, 12 Month Ending May 2019, 3-year historical CAGR for Women's Active Apparel is 6.3% vs. Women's Non-Active Apparel growth of -1.6%
4. For FY18.







HIGH-PERFORMANCE MEN'S APPAREL BRAND OFFERING FUNCTIONAL AND VERSATILE CLOTHING THAT TRANSITIONS SEAMLESSLY

ABOUT THE BRAND

- Launched October 2018, all digitally native
- Men's performance apparel is a ~$37B market opportunity(1)

GROWTH

- Opening first pop-up shop in San Francisco, October 2019
- Exploring wholesale tests
- Focus on building brand awareness and perfecting sustainable product with technical capability

INTERMIX IS WHERE YOU FIND THE BEST FASHION EDIT OF THE SEASON, MIXING THE MOST COVETED DESIGNERS WITH ACCESSIBLE BRANDS, STYLED PERSONALLY FOR YOU

ABOUT THE BRAND

- Growing online business and customer file
- 36 stores, majority of locations are street and lifestyle center boutiques
- ~$45B luxury apparel market opportunity(1)

GROWTH

- Grow the Intermix private label and expand exclusive products
- Expand loyalty program to Intermix
- Double e-comm profitability

BE THE LEADING ACCESSIBLE PREMIUM CHILDREN'S RETAILER, OFFERING A MODERN TAKE ON CLASSIC SILHOUETTES AND SOPHISTICATED SENSIBILITY IN CHILDREN'S FASHION

ABOUT THE BRAND

- Acquired March 2019
- Low promotional activity
- ~$13B premium children's apparel market opportunity(1)

GROWTH

- Grow domestic US store count
- Launch international business through franchise
- Wholesale: Currently in Saks online and seven stores, plus Zappos online

1) Source: The NPD Group, Consumer Tracking Service.

OUR GAME PLAN

RALLY OUR ICONIC BRANDS

GAP

BANANA REPUBLIC

IMPROVE PROFITABILITY

ACCELERATE GROWTH BRANDS



DRIVE GROWTH MOMENTUM

OPERATE AN EFFICIENT COST STRUCTURE

STRATEGICALLY APPLY DATA

IMPLEMENT FULLY-LEVERAGED PRODUCT OPERATING MODEL

RE-INVENT CUSTOMER ACCESS

LEAD IN SUSTAINABILITY

WE MUST OPTIMIZE POWERFUL PLATFORM

FROM

- Brands responsible for all aspects of operations with limited leverage
- Brands with “full stack” of independent functions, duplicated areas, and different ways of working
- Distributed and slow decision-making rights

TO

- Brands focused on customer-facing functions that enhance unique “brand identities” (i.e. Product, Marketing, Store Expression)
- Platform with clear ownership and accountability, consistent processes across brands
- Updated Operating Model with clear single points of decision-making rights

OUR GAME PLAN

RALLY OUR ICONIC BRANDS

GAP

BANANA REPUBLIC

IMPROVE PROFITABILITY

ACCELERATE GROWTH BRANDS



DRIVE GROWTH MOMENTUM

OPERATE AN EFFICIENT COST STRUCTURE SG&A

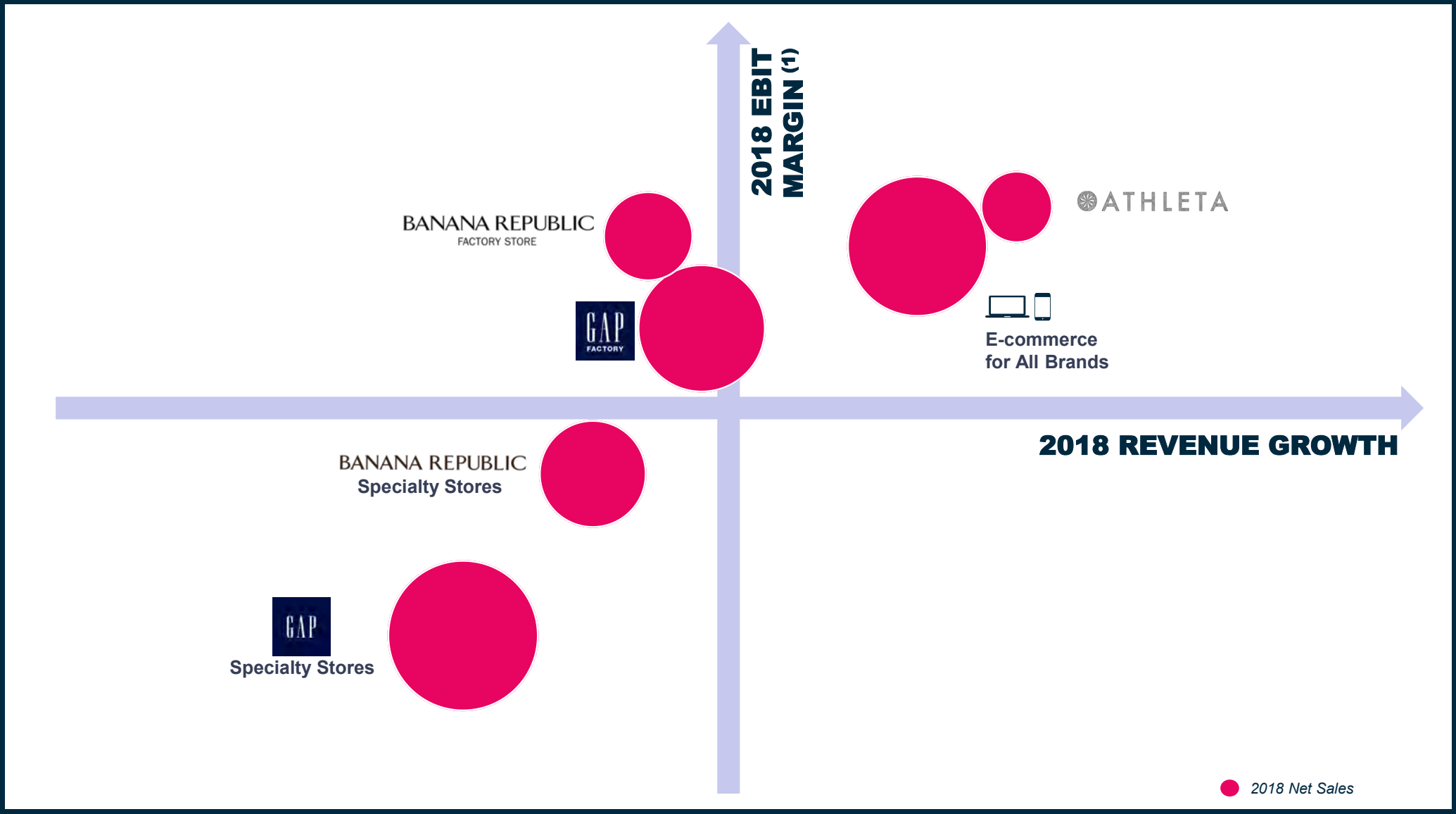
STRATEGICALLY APPLY DATA MARGIN

IMPLEMENT FULLY-LEVERAGED PRODUCT OPERATING MODEL MARGIN

RE-INVENT CUSTOMER ACCESS ROD

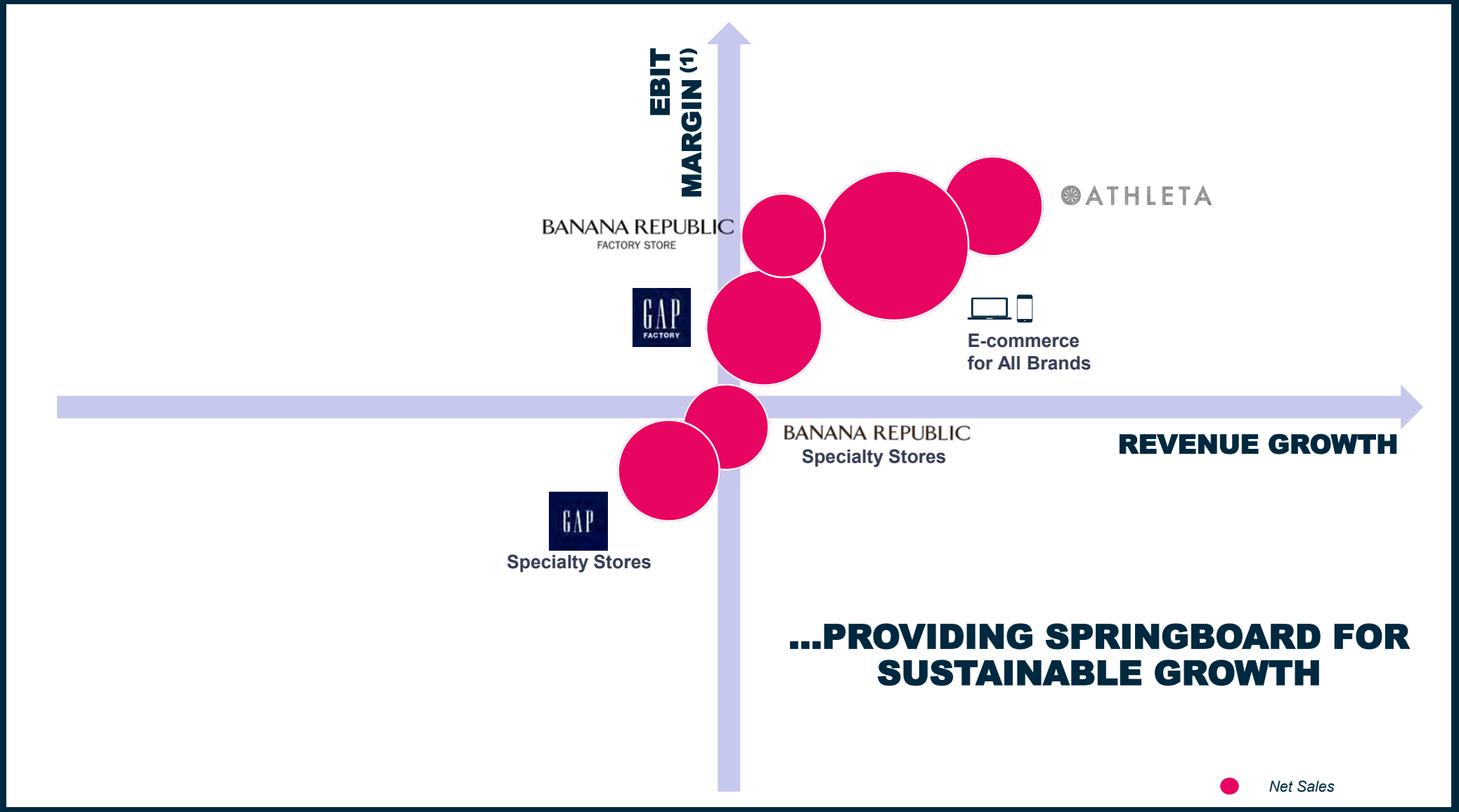
LEAD IN SUSTAINABILITY MARGIN

PORTFOLIO TODAY



(1) Represents global fully loaded channel contribution, including overhead allocations

NEAR-TERM EXECUTION STRENGTHENS PORTFOLIO…



Note: Illustrative representation of relative target growth/profitability between brands/channels, does not represent guidance
(1) Represents global fully loaded channel contribution, including overhead allocations



- Consumer-relevant brands with large, complementary and loyal customer bases
- Strong omni-channel platform
- Advantaged capabilities to efficiently deliver quality products and experiences
- Scale that drives profitability and growth
- Leading the way in sustainability and social responsibility
- Focused game plan to improve profitability and drive growth

GapINC.





FINANCIAL OVERVIEW

TERI LIST-STOLL

EVP AND CHIEF FINANCIAL OFFICER

BY THE NUMBERS

	GapINC.	OLD NAVY	
CUSTOMERS(1)	32M	42M	Known Active Customers
SCALE(2)	$8.7B	$7.9B	2018 Net Sales
ONLINE(2)	>$2.1B / ~24%	>$1.6B / ~20%	2018 Online Sales / Penetration
STORES(3)	2,173	1,183	Company-Operated Stores Globally
EARNINGS CAPACITY(2)(4)	~5%	~18%	2018 Adjusted EBITDA (~% of sales)

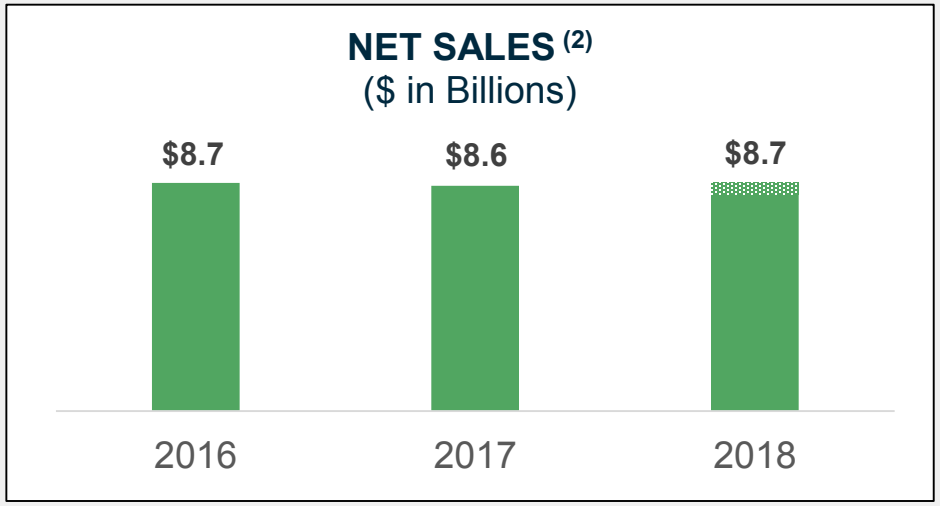
1) As of end of FY 2018
2) 2018 financial metrics reflect the adoption of the new revenue recognition standard, which resulted in an increase of $339 million and $280 million in net sales for GapINC. and Old Navy, respectively
3) As of the end of Q2 2019.
4) Refer to non-GAAP reconciliation included in the Appendix.

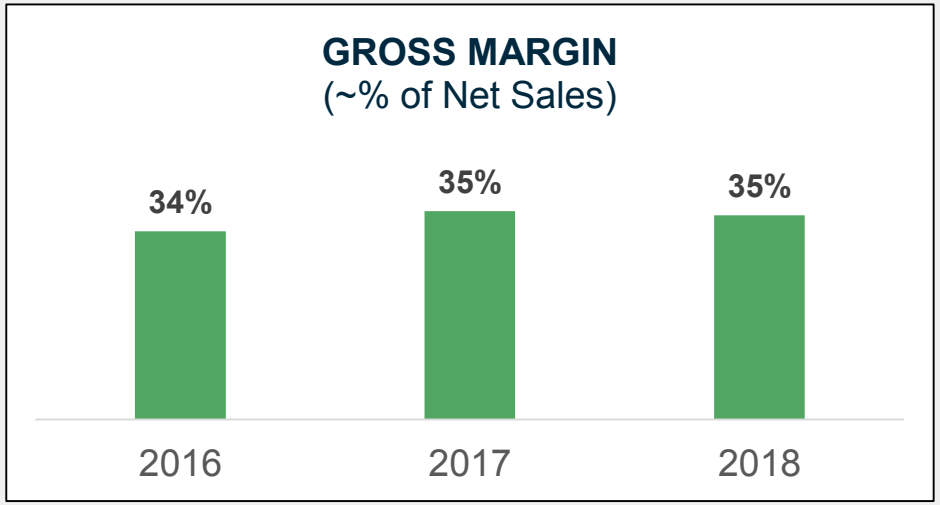
GAP, INC. HISTORICAL RESULTS

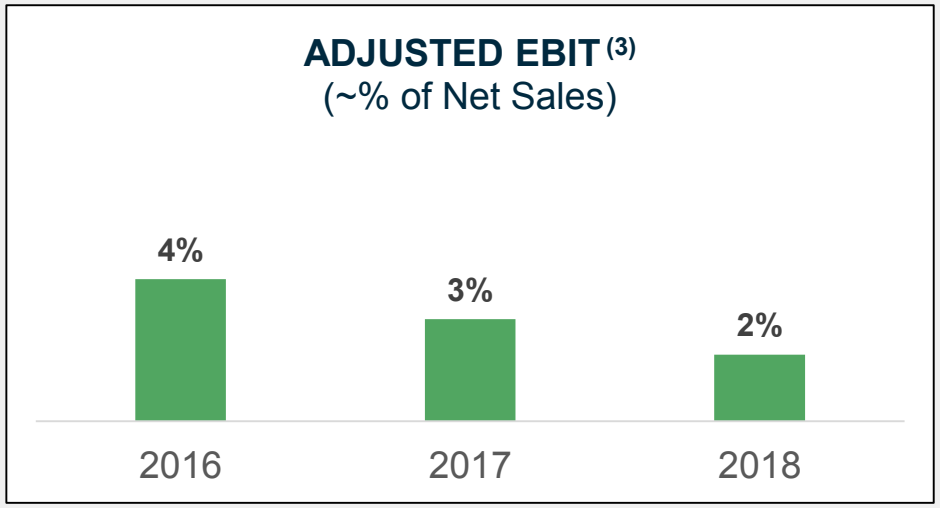
	2018	2017		2016	
	As Reported	As Reported	Adjusted (1)	As Reported	Adjusted (2)
NET SALES	$16,580	$15,855	$15,855	$15,516	$15,516
GROSS PROFIT	$6,322	$6,066	$6,066	$5,640	$5,640
%	38.1%	38.3%	38.3%	36.3%	36.3%
EBIT(3)	$1,362	$1,479	$1,415	$1,191	$1,386
%	8.2%	9.3%	8.9%	7.7%	8.9%
EBITDA(3)	$1,879	$1,978	$1,914	$1,722	$1,926
%	11.3%	12.5%	12.1%	11.1%	12.4%

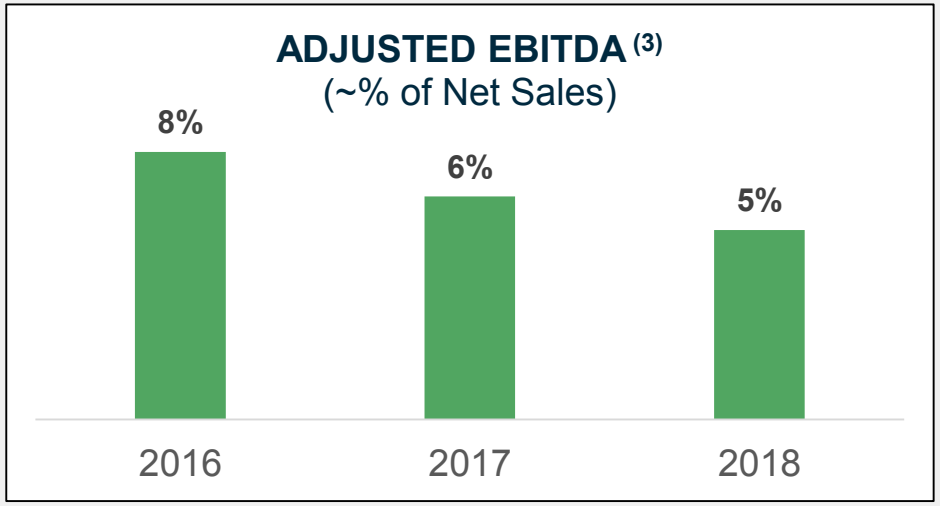
1) Excludes insurance proceeds related to loss on property and equipment primarily from the fire that occurred on the company-owned distribution center campus in Fishkill, New York in Fiscal 2016.
2) Excludes impact of restructuring charges, Intermix goodwill impairment charge, and a gain from insurance proceeds related to the Fishkill fire.
3) Refer to non-GAAP reconciliation included in the Appendix.

GapINC. DERIVED FINANCIAL METRICS (1)



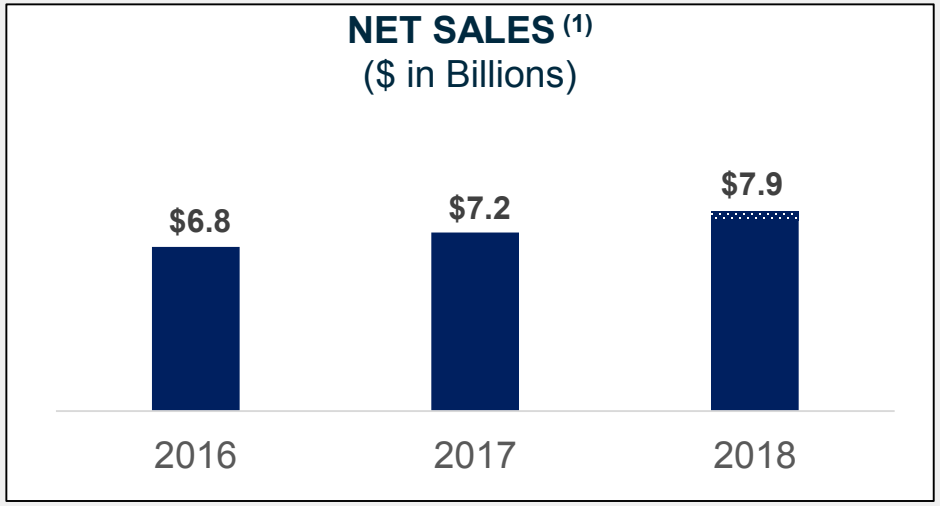


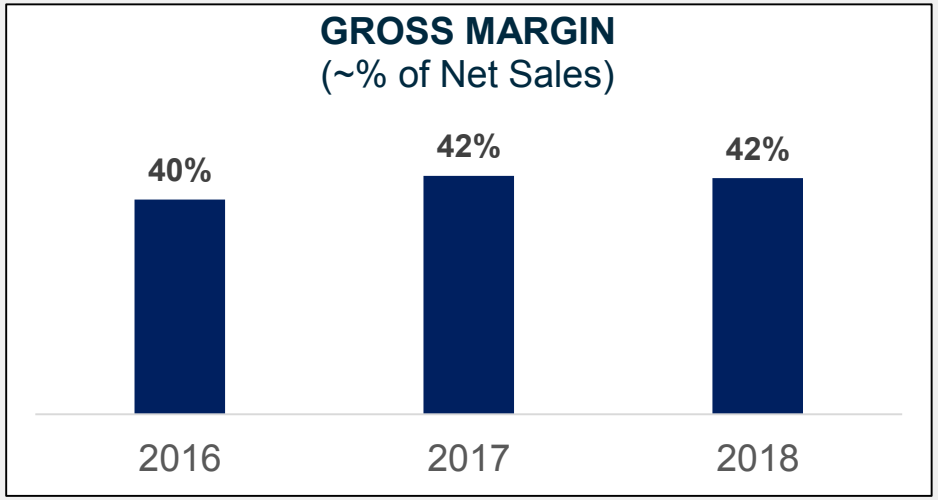


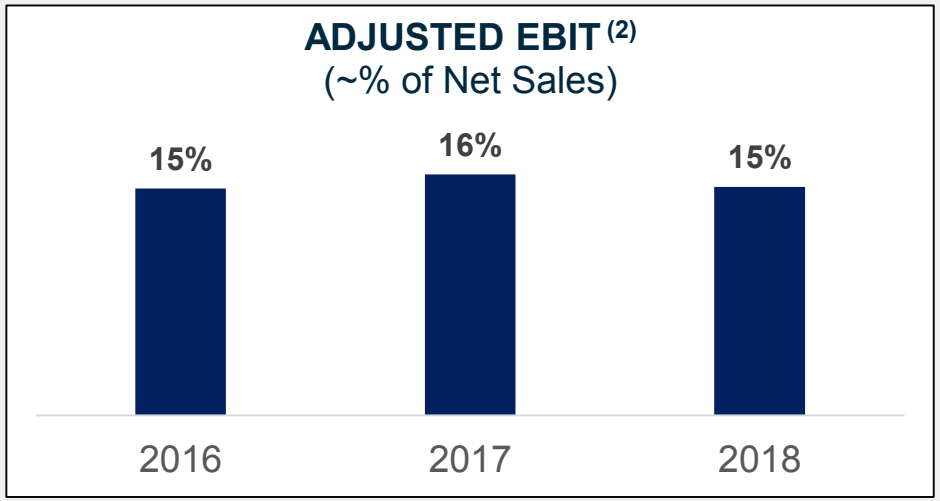


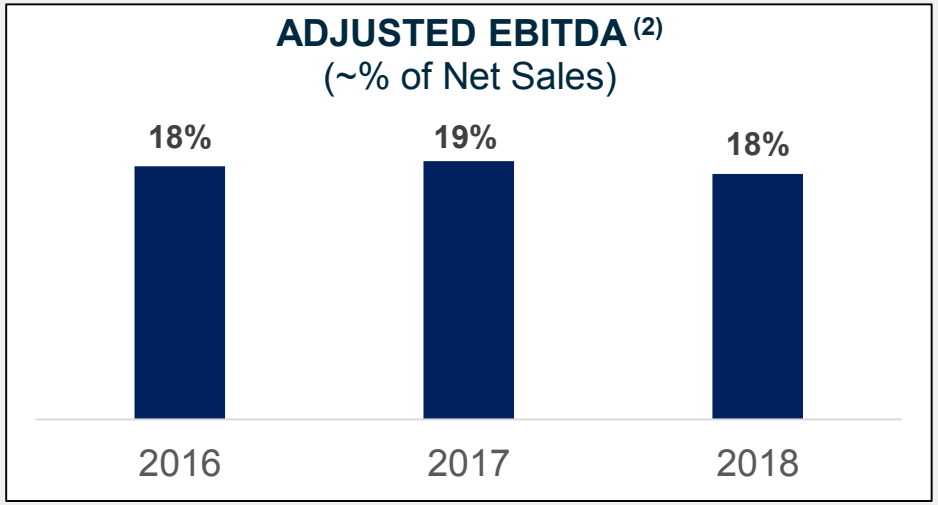
1) The derived GapINC. metrics reflect the historical Gap, Inc. financial metrics less the Old Navy results on a carve-out accounting basis.
2) 2018 metrics reflects the adoption of the new revenue recognition standard, which resulted in an increase of $339 million in net sales.
3) Refer to non-GAAP reconciliation included in the Appendix.

OLD NAVY FINANCIAL METRICS ON A STAND-ALONE BASIS









1) 2018 metrics reflects the adoption of the new revenue recognition standard, which resulted in an increase of $280 million in net sales.
2) Refer to non-GAAP reconciliation included in the Appendix.

FINANCIAL IMPLICATIONS

DIS-SYNERGY DISCUSSION

	GapINC.	OLD NAVY
EXPECTED NET DIS-SYNERGIES (in millions)	**$90 - $110**	**$70 - $90**
As a % of 2018 Net Sales	**~1%**	**~1%**

PRIMARY SOURCES OF DIS-SYNERGY:

- Technology
- Logistics
- Stand-Alone Public Company Costs
- Product Costs

ONE-TIME SEPARATION IMPACT

Value Creation Opportunity:

- Increased transparency on each company's value creation levers
- Accelerated growth on a sustainable basis
- Tailored capital allocation priorities

Expected 2019-2021 Separation-related Charges Related to the Transaction [1]

	EXPENSE	CAPITAL
EXPECTED ONE-TIME COST (in millions)	$400-450	$300-350
EXPENSE TYPES	• Technology Platform[2] • Consulting and Advisory Fees • Severance • Logistics and other costs	• Distribution Center • Technology Platform[2]

(1) Transaction does not impact fiscal year 2019 expected adjusted earnings per share.
(2) Includes approximately $100M related to acceleration of modernization plans.

COMPELLING STRATEGIC RATIONALE FOR SEPARATION

- **Focus**: Separation creates two independent companies with sharpened strategic focus to amplify areas of operational strength
- **Enhance**: Enables each company to capitalize on unique business models, growth plans and customer bases
- **Streamline**: Realign organization and operating model to drive higher productivity
- **Thrive:** Better positions the two new companies to create significant value for shareholders and opportunities for our customers and employees









APPENDIX

APPENDIX - RECONCILIATION OF NET INCOME TO ADJUSTED EBIT

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

RECONCILIATION OF NET INCOME TO ADJUSTED EBIT

Adjusted EBIT is a non-GAAP financial measure. Adjusted EBIT is provided to enhance visibility into the company's underlying results excluding gains on insurance proceeds in fiscal 2017 and fiscal 2016, fiscal 2016 restructuring activities, and a goodwill impairment charge related to Intermix in fiscal 2016. However, this non-GAAP financial measure is not intended to supersede or replace our GAAP results.

($ in millions)	**Fiscal Year 2018**	**Fiscal Year 2017**	**Fiscal Year 2016**
Net income	$ 1,003	$ 848	$ 676
Less: Interest, net	40	55	67
Add: Income taxes	319	576	448
Operating Income (EBIT)	1,362	1,479	1,191
Less: Gain from insurance proceeds (a)	-	(64)	(73)
Add: Adjustments for impact of fiscal year 2016 restructuring costs (b)	-	-	197
Add: Adjustments for goodwill impairment charge (c)	-	-	71
Adjusted Operating Income (Adjusted EBIT)	$ 1,362	$ 1,415	$ 1,386
Adjusted EBIT as a percentage of net sales - The Gap, Inc.	8%	9%	9%
Adjusted EBIT as a percentage of net sales - Old Navy (d)	15%	16%	15%
Derived adjusted EBIT as a percentage of remaining net sales - GapINC (e)	2%	3%	4%

a) Represents the gain from insurance proceeds related to the fire that occurred in one of the buildings at a company-owned distribution center campus in Fishkill, New York. Approximately $8 million of the gain from insurance proceeds in fiscal 2016 related to Old Navy.
b) Represents the restructuring costs related to fiscal year 2016 store closures and streamlining the Company's operations incurred in fiscal year 2016. The costs primarily include lease termination fees, store asset impairments, and employee-related costs. Approximately $137 million of fiscal year 2016 restructuring costs related to Old Navy.
c) Represents the goodwill impairment charge related to Intermix.
d) Represents standalone Old Navy under the carve-out basis of accounting.
e) The GapINC information is derived from The Gap, Inc. historical information less what is attributable to Old Navy on the carve-out basis of accounting. These results may differ from the GapINC results with Old Navy presented as a discontinued operation.

APPENDIX - RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures. We believe EBITDA and Adjusted EBITDA are important metrics because they represent a measure of profitability commonly used to evaluate our performance relative to other companies in the retail industry and to define standards for borrowing from financial institutions. We use these metrics internally as indicators of our operating performance; however, these non-GAAP financial measures are not intended to supersede or replace our GAAP results.

($ in millions)	**Fiscal Year 2018**	**Fiscal Year 2017**	**Fiscal Year 2016**
Net income	$ 1,003	$ 848	$ 676
Less: Interest, net	40	55	67
Add: Income taxes	319	576	448
Add: Depreciation and amortization	578	559	593
Less: Amortization of lease incentives	(61)	(60)	(62)
EBITDA	1,878	1,978	1,722
Less: Gain from insurance proceeds (a)	-	(64)	(73)
Add: Adjustments for impact of fiscal year 2016 restructuring costs (b)	-	-	206
Add: Adjustments for goodwill impairment charge (c)	-	-	71
Adjusted EBITDA	$ 1,878	$ 1,914	$ 1,926
Adjusted EBITDA as a percentage of net sales - The Gap, Inc.	11%	12%	12%
Adjusted EBITDA as a percentage of net sales - Old Navy (d)	18%	19%	18%
Derived adjusted EBITDA as a percentage of remaining net sales - GapINC (e)	5%	6%	8%

(a) Represents the gain from insurance proceeds related to the fire that occurred in one of the buildings at a company-owned distribution center campus in Fishkill, New York. Approximately $8 million of the gain from insurance proceeds in fiscal 2016 related to Old Navy.
(b) Represents the restructuring costs related to fiscal year 2016 store closures and streamlining the company's operations incurred in fiscal year 2016 and impact on percentage of net sales. The costs primarily include lease termination fees, store asset impairments, and employee-related costs. Approximately $137 million of fiscal year 2016 restructuring costs related to Old Navy. Amount also excludes a $9 million net reversal of depreciation expense related to the store closures.
(c) Represents the goodwill impairment charge related to Intermix.
(d) Represents standalone Old Navy under the carve-out basis of accounting. Old Navy adjusted EBITDA reflects both direct and allocated depreciation.
(e) The GapINC information is derived from The Gap, Inc. historical information less what is attributable to Old Navy on the carve-out basis of accounting. These results may differ from the GapINC results with Old Navy presented as a discontinued operation.