GapShare 401(k) Plan

Summary Plan Description
INTRODUCTION

This Summary Plan Description was prepared by The Gap, Inc. (“Company”).

This booklet was written to give you a summary of the main features of the GapShare 401(k) Plan (the “Plan”) on and after December 31, 2011. The information contained herein describes the main features of the Plan, tells you how it operates, and gives you certain information required by law. However, this booklet serves as a summary and does not contain all of the terms and conditions of the official Plan document. The terms of the Plan and this summary govern oral or other written communications, and the Plan is not bound by any oral or written communication that conflicts with Plan documents. Accordingly, if there is any difference between the terms and conditions of the Plan as it is described here and the provisions of the official Plan document, the Plan document will govern.

The Plan is subject to change and the Company has the right to revise or terminate the Plan at any time and for any reason. You will be notified of material changes to the Plan. If you have any questions with respect to benefits under the Plan, you can speak to a Plan service representative by calling the Plan trustee, T. Rowe Price, at 1-888-GAP-401K (427-4015) or Gap Inc. Employee Services at 1-866-411-2772, x20600.
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Section I: GENERAL DESCRIPTION OF THE PLAN

The purpose of the GapShare 401(k) Plan is to assist eligible employees in saving for retirement. It is maintained by The Gap, Inc. (“Company”) for the exclusive benefit of eligible employees of the Company and its designated subsidiaries.

The Company recognizes the importance of saving for retirement, and encourages you to participate in the Plan and maximize your opportunity to save. The Plan offers you the flexibility to contribute a percentage of your eligible pay up to the maximum limits allowable under the Plan and current tax law through payroll deductions. You may make contributions using any combination of pre-tax, Roth, or after-tax contributions. To join the Plan, you may elect to contribute a specific percentage of your salary each payroll period. In addition, the Company will make a matching contribution, dollar for dollar, up to the first 4% of eligible pay you contribute to the plan per pay period (up to a certain amount for the year). Such percentage and amount are established annually by the Company. Alternatively, you will be automatically enrolled if you do nothing (as explained below).

Section II: PARTICIPATION IN THE PLAN

When am I eligible?

You are eligible to participate in the Plan and make contributions upon meeting the following requirements:

• You are an active employee of the Company;
• You are 21 years old or older; and
• You are credited with at least 1,000 hours of service during the 12-consecutive-month period beginning on your date of hire by the Company or during any calendar year beginning after your date of hire. Hours of service you perform with any employer that is part of the Company’s “controlled group” as defined under the Internal Revenue Code will be counted for this purpose.

You are not eligible to participate in the Plan if:

• You are covered by a collective bargaining agreement that does not specifically provide for your participation;
• You are a nonresident alien with no U.S.-source income;
• You are eligible to participate in the Company-sponsored “GapShare Puerto Rico Plan”;
• You do not receive pay through the Company’s U.S. payroll system;
• You are paid through the accounts payable system for services you perform rather than the Company’s regular payroll system; or
• You are an independent contractor (even if you are retroactively reclassified as a common-law employee).

How do I enroll?
An Enrollment Kit will be mailed to your address of record after you have met your eligibility requirements. To begin making contributions to the Plan, you may contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com, elect a contribution percentage, and make your investment choices. Your election and contributions will take effect as soon as administratively possible. It is your responsibility to review account statements and payroll stubs to verify that the correct amounts are taken from your compensation and contributed to the Plan. All contributions are final and irrevocable.

If you are a participant in the GapShare Puerto Rico Plan who transfers employment and becomes eligible to participate in this Plan, your latest contribution rate and investment elections under the GapShare Puerto Rico Plan shall be applied to this Plan (to the extent possible) unless or until you elect otherwise. If it is not possible to apply an investment election you made under the GapShare Puerto Rico Plan to this Plan, your investment will be directed to an appropriate investment alternative designated by the Company for this purpose.

What happens if I do nothing?
If you do not make a contribution election (i.e., an election to contribute a percentage of your eligible pay to the Plan or an election to contribute nothing), you will be automatically enrolled in the Plan at a pre-tax contribution rate of 2% of your eligible pay per pay period. Your contributions and any Company matching contributions will be 100% invested in the Plan’s qualified default investment alternative, an age-based T. Rowe Price Retirement Fund (based on the year you turn age 65). Additionally, if you became eligible prior to July 1, 2001, and are not participating in the Plan, you will be automatically enrolled as soon as administratively possible after June 30, 2009.

If you are automatically enrolled, you can change your contribution percentage or elect not to participate. If you choose not to participate, you must contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com before the opt-out deadline provided in your automatic enrollment letter.
Are there fees related to the Plan?
Yes. Plan fees generally fall into three categories: plan administration fees, investment fees, and individual service fees. Plan administration fees involve expenses related to the day-to-day operation for basic administrative services, such as plan recordkeeping, communications, accounting, and legal and trustee services that are necessary for administering the Plan as a whole. Plan investment fees are ongoing charges for managing the assets of each investment fund and are paid to each fund company directly from fund assets. Individual service fees are fees charged separately to the accounts of individuals who choose to take advantage of a particular plan feature. Currently, the Company pays all of the plan administration fees except those fees payable by the GapShare 401(k) Plan participants as outlined below:

- If you borrow money from your Plan account, an individual service loan fee (currently $50 per loan, but these fees are subject to change) will be deducted from your account when funds are withdrawn to fund your loan;
- Investment-related fees and expenses are asset-based fees, which vary by fund. These fees are deducted from any gains or losses incurred in the fund and reduce your overall return. These fees are associated with the cost of investing and administering assets in a mutual fund or collective investment fund and are expressed as a percentage of total assets. Plan asset expenses do not apply to the Gap Stock Fund. All investment return information provided to you is reported net of these fees and expenses. See, for example, the redemption fees as further explained in “Section IV: Investments.” You can obtain specific fund fee information by reviewing each fund’s prospectus.

Section III: CONTRIBUTIONS

How much may I contribute to the Plan?
You may elect to contribute, by payroll deductions, any of the following per pay period:

- Pre-tax Contributions: 1% to 30% of eligible pay
- Roth Contributions: 1% to 30% of eligible pay
- After-tax Contributions: 1% to 21% of eligible pay

The total of your pre-tax and Roth contributions cannot exceed 30% of your eligible pay. The total of your pre-tax, Roth, and after-tax contributions cannot exceed 51% of your eligible pay.
What are pre-tax contributions?
Pre-tax contributions offer important tax advantages:

- Contributions are made before taxes have been taken from your pay;
- Contributions and any associated earnings grow tax-deferred; and
- You are required to pay taxes on the contributions and any earnings at the time you take a distribution.

What are Roth contributions?
Roth contributions offer different tax advantages for your retirement savings than pre-tax contributions:

- Contributions are made after taxes have been taken from your pay;
- Earnings grow tax-deferred; and
- The balance of your contributions and any associated earnings are tax-free when you take a qualified distribution.

What are after-tax contributions?
After-tax contributions may also be an alternative for you to consider:

- Contributions are made after taxes have been taken from your pay;
- Earnings grow tax-deferred;
- You are not required to pay taxes on contributions when you take a distribution; and
- You are required to pay taxes on any associated earnings at the time you take a distribution.

What is the IRS discrimination test?
Your contributions to the Plan are subject to an annual test to ensure that employees at all levels will benefit from the Plan on an equitable basis. If you are a highly compensated employee, the test results may require contributions to be returned to you. If that happens, a refund check will be mailed to you as soon as administratively possible and it will include any income or loss allocable to the contributions returned. You must include the refund in your taxable income.

Is the amount of my annual contribution limited by law?
Yes. In exchange for the Plan’s tax advantages, the following federal tax limits apply:
Your total pre-tax and Roth contributions to the Plan, including 401(k) contributions to any other qualified plan that you may have made during the year, cannot exceed the maximum annual limit imposed by the IRS (in 2012, this is $17,000). If you are age 50 or older, you may make additional “catch-up” and/or “Roth catch-up” contributions each year ($5,500 in 2012). These amounts are periodically adjusted. It is your responsibility to monitor your contribution amounts to ensure that you have not exceeded your maximum annual limits as outlined above;

- The total amount of all contributions to the Plan may not exceed $50,000 (for 2012) for any given tax year. This amount may be periodically adjusted;
- The IRS limits the amount of your eligible pay that may be considered for purposes of all contributions made on your behalf to the Plan. In 2012, that limit is $250,000. This amount is periodically adjusted;
- In some circumstances, there may be limits on contributions made by or on behalf of “highly compensated employees” (as defined by law) to ensure the Plan does not discriminate in favor of this group. Generally, a highly compensated employee is one whose total annual compensation exceeds an amount that is indexed every few years ($115,000 in 2012). Similar IRS limits apply to highly compensated employees’ share of the Company’s matching contributions (see “Company Matching Contributions” for more information); or
- If you have contributed the maximum IRS dollar limit to the Plan in a given year, your Plan contributions are discontinued for the remainder of the year.

How do I make “catch-up” contributions to the Plan?
If you are age 50 or older in a given Plan year (or you will reach age 50 by December 31st), you are eligible to make “catch-up” contributions each year from your eligible pay. This additional contribution (whether made as a pre-tax or Roth contribution or a combination thereof) is itself limited to a maximum of $5,500 for 2012. This amount may be adjusted each year by the IRS. Contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com if you wish to elect catch-up contributions.

May I change, stop, or restart my contributions?
Yes. You may change, stop, or restart your contributions to the Plan at any time by contacting T. Rowe Price at 1-888-GAP-401K (427-4015) or online at http://rps.troweprice.com. You may also elect to have the percentage of pre-tax
or Roth contributions increase automatically over time. You may begin, change, or cancel this auto-increase service at any time by contacting T. Rowe Price as described on the previous page.

Your request to stop, change, or restart your contributions will take effect as soon as administratively possible. If your request does not take effect in a timely manner, you should contact Gap Inc. Employee Services at 1-866-411-2772, x20600.

What happens if there is not enough net pay in a pay period to make my elected contributions?
If your net pay is insufficient to make your elected contributions for a pay period, your contributions will be limited to the amount of pay available.

What is the Plan’s definition of eligible pay?
Your eligible pay includes your current base salary, wages, overtime pay, and commissions. It does not include other items reported in Box 1 of your IRS Form W-2, such as bonuses, income from the exercise of stock options, proceeds of redemption of Company stock, and moving expenses.

What is the Company matching contribution?
The Company helps you save more for retirement by matching your contributions to the Plan each pay period. These are referred to as Company matching contributions.

The Company will contribute one dollar ($1) in matching contributions for every dollar ($1) of your contributions to the Plan (pre-tax, Roth, catch-up, and/or after-tax contributions) up to the first 4% of your eligible pay. Because the Company match is made each pay period, your Plan contributions may end before you are able to maximize the Company matching contributions. You need to determine what works best for you to maximize your benefits for the year.

What is a discretionary matching contribution?
Your employer may make an additional matching contribution to the Plan on behalf of each of its eligible employees. The amount of a discretionary matching contribution, if any, would be determined in a nondiscriminatory manner, and would be equal to a uniform percentage of pre-tax, Roth 401(k), and/or after-tax contributions made for similarly situated employees.
Does the Plan accept rollovers from my previous employer?

Yes. You can roll over funds from:

- Another employer’s tax-qualified 401(a), 403(b), or 457(b) plan, including any Roth or after-tax contributions you may have made; or
- An individual retirement account (“IRA”) or annuity. You can roll over funds from a Traditional IRA (holding funds you contributed on a pre-tax basis) or an IRA that holds eligible rollover distributions you transferred from another employer’s tax-qualified plan (and earnings thereon), or a combination of the two.

Amounts rolled over will not be subject to federal income tax until they are later withdrawn or distributed from the Plan. Your rollover contributions will be deposited into a separate rollover account(s) for you within the Plan.

There are two ways you can roll over an amount to the Plan:

- The first is to have your rollover contribution transferred directly to the Plan. This is done by having the trustee or custodian of the other plan or IRA give you a check made payable to “T. Rowe Price FBO Your Name”; or
- Alternatively, you may be able to take a distribution from the other plan or IRA and roll over all or part of the distribution to the Plan within 60 days of receiving the distribution. Please note that taxable distributions to you generally will be subject to federal income tax withholding at a 20% rate, reducing the amount of the distribution available for a rollover unless you make up the shortfall from other assets. You cannot make a 60-day rollover into the Plan of after-tax contributions from another employer’s plan; after-tax contributions can only be rolled into the Plan directly from the other employer’s plan.

For tax reasons, you will be asked to provide information (such as a distribution form or IRS Form 1099-R) to ensure that the funds are eligible for a rollover to the Plan. The Plan will accept rollovers only in the form of checks. All rollovers are subject to the approval of the Company or its delegate. All rollovers will be invested in accordance with your investment elections as indicated on your Rollover Contribution Form. If you do not have any investment elections on file, your rollover will be invested in the Plan’s qualified default investment alternative (refer to “Section IV: What happens if I do not direct investment of my account?”).

If you are interested in making a rollover, contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com for more information and/or to request or download a Rollover Contribution Form.
What if I return from leave of absence?
Upon return from leave of absence, your contributions will resume at the
contribution rate you’ve elected prior to the period of leave. Should you wish to
change your contribution rate, you must contact T. Rowe Price at 1-888-GAP-401K
(427-4015) or visit http://rps.troweprice.com to initiate a change.

If you return from a leave of absence for military service (USERRA)
If you are returning from a leave of absence for military service, you may be eligible
for certain reemployment rights covered by the Uniform Services Employment and
Reemployment Rights Act (USERRA), as amended. Specifically, you may be eligible
to make additional contributions from your post-leave pay, which you otherwise
may have made, except for the period of military leave. You must contact T. Rowe
Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com to elect
additional contributions from your post-leave pay. You may be eligible for Company
matching contributions based on the additional contributions you make. Since your
rights under USERRA are subject to certain conditions and time restrictions, you
should contact Gap Inc. Employee Services at 1-866-411-2772, x20600 as soon as
you return from leave.

Section IV: INVESTMENTS

How are my contributions invested?
You are responsible for directing the investment of your account among the invest-
ment funds offered by the Plan. You may direct the investment of your entire
account (in any whole percentage) into one fund or in as many funds as you like.

The current investment choices are:

- Gap Stock Fund
- American Funds EuroPacific Growth Fund, Class R-4
- Harbor Capital Appreciation Fund, Investor Class
- Neuberger Berman Genesis Trust
- Neuberger Berman Socially Responsible Trust
- PIMCO Total Return Fund, Institutional Class
- Vanguard Institutional Index Fund, Institutional Class
- Vanguard Total Bond Market Index Fund, Signal
- Vanguard Value Index Fund, Institutional Class
- T. Rowe Price New Horizons Fund
• T. Rowe Price Small-Cap Value Fund
• T. Rowe Price Retirement Income Fund
• T. Rowe Price Retirement 2005 Fund
• T. Rowe Price Retirement 2010 Fund
• T. Rowe Price Retirement 2015 Fund
• T. Rowe Price Retirement 2020 Fund
• T. Rowe Price Retirement 2025 Fund
• T. Rowe Price Retirement 2030 Fund
• T. Rowe Price Retirement 2035 Fund
• T. Rowe Price Retirement 2040 Fund
• T. Rowe Price Retirement 2045 Fund
• T. Rowe Price Retirement 2050 Fund
• T. Rowe Price Retirement 2055 Fund
• T. Rowe Price Stable Value Fund

If you select the Gap Stock Fund, the maximum you may invest in this fund is 25% of your total contributions each pay period. There are no such investment limitations on the other funds. If you select more than one fund, your fund elections can be made in 1% increments. The total election must equal 100%.

You should decide which combination of available investments will best meet your needs. It is essential that you read the investment information provided, which includes Fund Fact Sheets for the investments and the prospectus for Gap Stock Fund. Please also see the “How do I obtain investment information?” section below. You should review the prospectuses of any investment before you invest, and should consult your financial advisor to determine the appropriate mix of investments for your individual needs. It is also important to periodically review your portfolio, your objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

The U.S. Savings Plan Investment Committee (the “Investment Committee”) is the plan fiduciary responsible for complying with your investment instructions. The Investment Committee is authorized to take any actions or establish policies to deter or terminate any participant’s ability to exchange or transfer any portion of his or her account balance into or out of any investment fund if the Investment Committee deems that any activity has occurred that constitutes,
in the discretion of the Investment Committee, “market timing,” “late trading,” “time zone arbitrage,” or any other practice that is abusive, excessive, or to the detriment of other plan participants.

**Importance of diversification**

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets or one particular security to perform very well often cause another asset category or another particular security to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk. Therefore, you should carefully consider the rights described in this notice and how these rights affect the amount of money that you invest in Company stock through the Plan.

**Important information about the Gap Stock Fund**

This booklet informs you of an important federal law that provides specific rights concerning investments in stock of the Company. Because you may now or in the future have investments in the Gap Stock Fund, you should take the time to read this section and “The Gap, Inc. Statement of General Information and Availability of Information for the GapShare 401(k) Plan” (the “Gap Stock Fund Prospectus”) carefully. The Plan is required to allow you to elect to move any portion of your account that is invested in the Gap Stock Fund from that investment into other investment alternatives under the Plan. This right extends to all of the Company stock held under the Plan. You are not required to invest any portion of your Plan account in the Gap Stock Fund. It is your choice whether to invest any amount in the Gap Stock Fund. The maximum you may invest in the Gap Stock Fund is 25% of your total contribution each pay period.

The portion of the Plan invested in the Gap Stock Fund is an Employee Stock Ownership Plan (“ESOP”). The Gap Stock Fund is a nondiversified unitized stock
fund that invests solely in the common stock of the Company, with a small portion of its assets in cash or cash equivalents to provide liquidity for withdrawals and transfers out of the fund. The Gap Stock Fund is valued using unit accounting. When you invest in the Gap Stock Fund, you do not directly own shares of Gap Inc. Stock. Instead, you own an interest in Gap Inc. Stock. Each unit that you own represents a portion of your ownership in the Gap Stock Fund. Your ownership in the Gap Stock Fund is determined by the number of units in your account. The number of units in your account can increase or decrease, depending on the activity that takes place in your account. For example, contributions to the Gap Stock Fund increase and payments from the Gap Stock Fund decrease the number of units in your account.

The common stock, which is the basis of your interest in the Gap Stock Fund, is publicly traded and fluctuates in value based on the common stock share price of Gap Inc. Stock. The unit price will vary from the share price of Gap Inc. Stock on any given day. The market value of your account that is invested in the Gap Stock Fund is determined by multiplying the number of units in your account by the net asset value ("NAV"). The NAV accounts for gains and losses in the underlying assets of the Gap Stock Fund and also can factor in items like plan expenses or interest accruals. The Trustee buys shares of Gap Inc. Stock in the open market. Shares also are purchased from Plan participants who transfer their accounts out of the Gap Stock Fund or who take distributions or withdrawals from the Gap Stock Fund in the form of cash. With respect to investment in the Gap Stock Fund, you should be aware that there is a risk to holding a substantial portion of your assets in the securities of one company since individual securities tend to have wider price swings, up and down, in short periods of time than investments in diversified funds.

Participants are permitted to trade daily in the Gap Stock Fund. Although frequent trades in or out of the fund are permitted, if you are in possession of "inside" information about the Company (in other words, information that would be important to an investor, but which has not yet been made public), you are prohibited by federal securities laws and Company policy from trading in the Gap Stock Fund until the information has become public. If you are an executive officer of the Company or a member of the Company’s Board of Directors, additional restrictions apply to your transactions involving the Gap Stock Fund. If you are an executive officer or director of the Company, contact the Corporate Law Department for information on the special rules applicable to your transactions involving the Gap Stock Fund.

If you would like to receive a copy of the prospectus for any of the investment funds available under the Plan, please call T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com.
**Fund performance**

The table below shows the rate of return* for 2007 through 2011 for each of the funds available under the Plan.

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<tr>
<td>Gap Stock Fund*</td>
<td>N/A</td>
<td>Company Stock</td>
<td>-15.99</td>
<td>5.62%</td>
<td>57.69%</td>
<td>-35.29%</td>
<td>10.08%</td>
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<td>American Funds EuroPacific Growth Fund, R4</td>
<td>REREX</td>
<td>Int’l Equity</td>
<td>-13.61</td>
<td>9.39%</td>
<td>39.13%</td>
<td>-40.56%</td>
<td>18.87%</td>
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<td>Harbor Capital Appreciation Fund, Investor</td>
<td>HCAIX</td>
<td>U.S. Large-Cap Growth</td>
<td>0.22%</td>
<td>11.20%</td>
<td>41.39%</td>
<td>-37.36%</td>
<td>11.83%</td>
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<tr>
<td>Neuberger Berman Genesis Trust Fund</td>
<td>NBGEX</td>
<td>U.S. Small-/Mid-Cap Core</td>
<td>4.60%</td>
<td>21.38%</td>
<td>26.25%</td>
<td>-32.85%</td>
<td>21.80%</td>
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<td>Neuberger Berman Socially Responsive Trust Fund</td>
<td>NBSTX</td>
<td>U.S. Large-Cap Socially Responsible</td>
<td>-3.05%</td>
<td>22.56%</td>
<td>30.34%</td>
<td>-38.90%</td>
<td>7.31%</td>
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<td>PIMCO Total Return Fund, Instl.</td>
<td>PTTRX</td>
<td>Domestic Fixed Income</td>
<td>4.16%</td>
<td>8.86%</td>
<td>13.87%</td>
<td>4.82%</td>
<td>9.08%</td>
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<tr>
<td>Vanguard Total Bond Market Index Fund, Signal</td>
<td>VBTSX</td>
<td>Intermediate Investment Grade Debt</td>
<td>7.69%</td>
<td>6.54%</td>
<td>6.04%</td>
<td>5.15%</td>
<td>7.02%</td>
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<tr>
<td>Vanguard Institutional Index Fund, Instl.</td>
<td>VINIX</td>
<td>U.S. Large-Cap Index</td>
<td>2.09%</td>
<td>15.05%</td>
<td>26.63%</td>
<td>-36.95%</td>
<td>5.47%</td>
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<tr>
<td>Vanguard Value Index Fund, Instl.</td>
<td>VIVIX</td>
<td>U.S. Large-Cap Value</td>
<td>1.17%</td>
<td>14.49%</td>
<td>19.79%</td>
<td>-35.88%</td>
<td>0.21%</td>
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<td>T. Rowe Price New Horizons Fund</td>
<td>PRNHX</td>
<td>U.S. Small-/Mid-Cap Growth</td>
<td>6.63%</td>
<td>34.67%</td>
<td>43.87%</td>
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<td>T. Rowe Price Small-Cap Value Fund</td>
<td>PRSVX</td>
<td>U.S. Small-/Mid-Cap Value</td>
<td>-0.60%</td>
<td>25.25%</td>
<td>26.88%</td>
<td>-28.61%</td>
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<td>T. Rowe Price Retirement 2055 Fund</td>
<td>TRRNX</td>
<td>Lifecycle</td>
<td>-3.35%</td>
<td>16.41%</td>
<td>38.97%</td>
<td>-38.89%</td>
<td>6.82%</td>
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<td>T. Rowe Price Retirement 2050 Fund</td>
<td>TRRMX</td>
<td>Lifecycle</td>
<td>-3.36%</td>
<td>16.41%</td>
<td>38.92%</td>
<td>-38.80%</td>
<td>6.82%</td>
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<td>T. Rowe Price Retirement 2045 Fund</td>
<td>TRRX</td>
<td>Lifecycle</td>
<td>-3.47%</td>
<td>16.44%</td>
<td>39.10%</td>
<td>-38.83%</td>
<td>6.84%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2040 Fund</td>
<td>TRRDX</td>
<td>Lifecycle</td>
<td>-3.49%</td>
<td>16.51%</td>
<td>39.07%</td>
<td>-38.85%</td>
<td>6.77%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2035 Fund</td>
<td>TRRJX</td>
<td>Lifecycle</td>
<td>-3.26%</td>
<td>16.34%</td>
<td>39.04%</td>
<td>-38.88%</td>
<td>6.81%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2030 Fund</td>
<td>TRRCX</td>
<td>Lifecycle</td>
<td>-2.70%</td>
<td>16.01%</td>
<td>37.99%</td>
<td>-37.79%</td>
<td>6.83%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2025 Fund</td>
<td>TRRHX</td>
<td>Lifecycle</td>
<td>-2.06%</td>
<td>15.37%</td>
<td>36.29%</td>
<td>-35.90%</td>
<td>6.81%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2020 Fund</td>
<td>TRRBX</td>
<td>Lifecycle</td>
<td>-1.20%</td>
<td>14.74%</td>
<td>34.19%</td>
<td>-33.48%</td>
<td>6.73%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2015 Fund</td>
<td>TRRGX</td>
<td>Lifecycle</td>
<td>-0.32%</td>
<td>13.79%</td>
<td>31.35%</td>
<td>-30.22%</td>
<td>6.75%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2010 Fund</td>
<td>TRRAX</td>
<td>Lifecycle</td>
<td>0.54%</td>
<td>12.70%</td>
<td>27.95%</td>
<td>-26.71%</td>
<td>6.65%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement 2005 Fund</td>
<td>TRRFX</td>
<td>Lifecycle</td>
<td>1.43%</td>
<td>11.51%</td>
<td>24.55%</td>
<td>-22.24%</td>
<td>6.67%</td>
</tr>
<tr>
<td>T. Rowe Price Retirement Income Fund</td>
<td>TRRIX</td>
<td>Lifecycle</td>
<td>1.43%</td>
<td>10.10%</td>
<td>22.07%</td>
<td>-18.39%</td>
<td>6.09%</td>
</tr>
<tr>
<td>T. Rowe Price Stable Value Fund*</td>
<td>N/A</td>
<td>Stable Value</td>
<td>3.29%</td>
<td>4.08%</td>
<td>4.10%</td>
<td>4.58%</td>
<td>4.67%</td>
</tr>
</tbody>
</table>
Rate of return information is historical, is net of certain fees and expenses, and is not indicative of future results. Return rates are provided by T. Rowe Price.

Returns for the unitized Gap Stock Fund.

The funds’ average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions.

The T. Rowe Price Stable Value Common Trust Fund (the “Trust”) is not a mutual fund. It is a common trust fund established by T. Rowe Price Trust Company under Maryland banking law, and its units are exempt from registration under the Securities Act of 1933. Investments in the Trust are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company. Although the Trust seeks to preserve the value of your investment at $1.00 per unit, it is possible to lose money by investing in the Trust.

How are my Plan investments valued?

The price of the investment funds and the Gap Stock Fund varies from day to day. The current value of your investment will depend upon the number of shares or units you own and the most recent price at which the shares or units were traded. The exception is the T. Rowe Price Stable Value Fund, which seeks to maintain a constant value of one dollar per unit. Interest is paid on the amount that you invest in the T. Rowe Price Stable Value Fund, but its principal value is not expected to change.

How do I obtain investment information?

A prospectus and/or Fund Fact Sheets for any of the mutual funds, as well as the Gap Stock Fund prospectus, is available by contacting T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com. There is no prospectus for the T. Rowe Price Stable Value Fund (since it is not a mutual fund), but there is a Fund Fact Sheet available.

How do I make investment choices?

You may make your investment selections by contacting T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com. Representatives are available to assist you on business days between 4 a.m. and 7 p.m. (PT). After your investment direction is completed, a letter confirming your transaction will be mailed to your address of record.

When do my investment changes go into effect?

Changes you have made before the close of the New York Stock Exchange (generally 1 p.m. PT) will receive the closing price for that day. If your investment instruction is received after 1 p.m. PT, it will be carried out on the next business day and you will receive the next business day closing price. Note that there may be situations, such as excessive trading, where your instructions will not be completed within these time frames.
Will my accounts be rebalanced to maintain my elections?
No, unless you elect auto-rebalancing. T. Rowe Price offers you the option of performing an auto-rebalance of your accounts on a quarterly, semiannual, or annual basis. Auto-rebalancing periodically realigns your account balance to match your most recent investment allocation designation. It is done by selling shares in a fund (or funds) that has grown larger in proportion to your intended designation and using the proceeds to bring your other investment options back to the intended proportions. If you choose auto-rebalancing, your account will continue to be automatically rebalanced on the selected dates until you elect out of this option. Note that auto-rebalancing applies only to the balance of your account at the time of the rebalance, not to future contributions. Redemption fees may apply to your auto-rebalance transaction (refer to “Are there any redemption fees . . .” on the following page).

What happens if I do not direct investments of my account?
If you do not make a specific investment election, your Plan accounts will be automatically invested in an age-based Retirement Fund as described below. The age-based Retirement Funds serve as the Plan’s qualified default investment alternative.

<table>
<thead>
<tr>
<th>If you were born...</th>
<th>Your account will be invested in the following T. Rowe Price Retirement Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 1988 and after</td>
<td>Retirement 2055</td>
</tr>
<tr>
<td>1983-1987</td>
<td>Retirement 2050</td>
</tr>
<tr>
<td>1978-1982</td>
<td>Retirement 2045</td>
</tr>
<tr>
<td>1973-1977</td>
<td>Retirement 2040</td>
</tr>
<tr>
<td>1968-1972</td>
<td>Retirement 2035</td>
</tr>
<tr>
<td>1963-1972</td>
<td>Retirement 2030</td>
</tr>
<tr>
<td>1958-1962</td>
<td>Retirement 2025</td>
</tr>
<tr>
<td>1953-1957</td>
<td>Retirement 2020</td>
</tr>
<tr>
<td>1948-1952</td>
<td>Retirement 2015</td>
</tr>
<tr>
<td>1943-1947</td>
<td>Retirement 2010</td>
</tr>
<tr>
<td>1938-1942</td>
<td>Retirement 2005</td>
</tr>
<tr>
<td>In 1937 or before</td>
<td>Retirement Income</td>
</tr>
</tbody>
</table>

Your failure to direct the investment of your account by contacting T. Rowe Price is considered your affirmative investment election to direct the investment of your account into the T. Rowe Price Retirement Fund listed above. You will be notified if the Plan’s qualified default investment alternative changes.
Do I have any special rights with respect to dividends paid on Gap Stock held in my account?
Yes. When the Company pays a dividend on Gap Inc. Stock held in your Plan account on a dividend record date, you may elect either to receive payment of such dividends in a check or to reinvest them in the Gap Stock Fund within the Plan. Unless you affirmatively elect to receive dividend checks, your dividends will be used within the Plan to purchase additional shares of the Gap Stock Fund. If you want to receive dividend checks, you must contact T. Rowe Price by no later than 1 p.m. PT on the last business day before the next dividend payment date. Dividend checks will be taxed to you as ordinary income, and they are not eligible for a rollover to an IRA. Your dividend election will continue in effect unless you change your election by contacting T. Rowe Price at 1-888-GAP-401K (427-4015). If you are currently invested in the Gap Stock Fund and are taking your distribution before the next Gap Inc. Stock dividend is paid, your dividend will automatically be paid to you in the form of a check. Upon rehire, your dividend will continue to be paid to you in the form of a check unless you contact T. Rowe Price and change your election to reinvest into the Gap Stock Fund. Dividends are 100% vested at all times. You may not take a loan from reinvested dividends.

Are there any redemption fees, other limitations, or restrictions that might apply to my investment directions?
Yes. Please note that some of the investment funds assess redemption fees. Redemption fees are intended to protect a fund and its long-term investors, and are charged to investors who sell shares of the fund in certain circumstances before expiration of the fund’s minimum holding period. Redemption fees (if imposed) are in addition to other fees and expenses charged by a fund.

Some funds also have excessive trading policies. If an excessive trading policy applies to a fund, you may not exceed one purchase and sale or one sale and purchase in that fund during a specified period (generally 90 days), unless an exception applies. Contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com for further information on these restrictions. Representatives are available to assist you on business days between 4 a.m. and 7 p.m. (PT).
Stockholder reports and voting
If any portions of your accounts are invested in the Gap Stock Fund, you will receive the annual reports, proxy statements, and certain other materials that the Company regularly sends to all of its shareholders. Also, you may instruct the trustee as to how to vote at the annual meeting of shareholders your equivalent shares of Gap Inc. Stock held for your benefit under the Plan because of your investment in the Gap Stock Fund. You will be sent information on this confidential process at the appropriate time. Shares for which no instructions are given are voted by the trustee pro rata in accordance with the instructions given by participants on shares on which instructions from participants have been received. Your instructions to invest in Company stock and your exercise of voting rights are kept strictly confidential. The Company is responsible for ensuring the confidentiality of your instructions.

ERISA 404(c) Notice
The Plan is intended to qualify as a “404(c) plan” under the Employee Retirement Income Security Act (ERISA). This means that because you, as a participant, are able to exercise independent control over the investment of your account, the Company, the Investment Committee, and other Plan fiduciaries will not be liable for any investment losses directly resulting from your investment decisions (for example, liability for the performance of a particular investment fund in which you elect to invest). At your request, the Company will provide you with a description of the annual operating expenses of each investment fund under the Plan and the aggregate amount of such expenses, copies of any prospectuses or financial reports relating to the investment funds, a list of the assets comprising each investment fund, the value of shares or units in each fund, the investment performance (past and current) of each fund, and any other information required under 404(c) of ERISA. To obtain such information, contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com.

Section V: RETIREMENT DATE & VESTING

What is the Plan’s normal retirement age?
The normal retirement age is 65.

Can I delay retirement past age 65?
Yes. You may elect to continue to work beyond the normal retirement age and may continue to participate in the Plan. You are eligible to begin withdrawing your vested balance once you reach the age of 59½ as detailed under “Section VII:
In-Service Withdrawals—What happens when I turn age 59½” below. You must, however, begin receiving a distribution no later than April 1st of the year following the year in which you turn 70½.

What are my benefits if I terminate employment?
Your account balance, including Company match and rollover balances, is entirely yours and may be distributed to you after you terminate employment. Please refer to “Section VIII: Distributions” for important information regarding distributions after termination of employment.

Vesting—When is my Plan account all mine?
You are 100% vested (have complete ownership) in the value of your employee, Company matching, and all rollover contributions, as adjusted to reflect the net income (or loss) on your elected investments. This means you are always entitled to receive that money when you leave the Company, regardless of reason. You can contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com for more information.

Section VI: LOANS FROM THE PLAN

May I take a loan from my account while employed?
Yes. You are eligible to apply for a loan if you are an active employee of the Company or on an approved leave of absence and you have an account with a minimum balance of $2,000. Terminated employees are not eligible to take loans.

You may borrow limited amounts from your own contributions (your pre-tax contributions and rollover accounts) and from the Company’s matching contributions. Two types of loans are available: general purpose loans and principal residence loans. Both types of loans are subject to the following guidelines:

- There is an application fee for each loan, which will be redeemed from your eligible accounts at the time the loan is made. The current application fee is $50;
- The minimum loan amount is $1,000;
- You may have a maximum of two outstanding loans at a time (loans taken under the GapShare Puerto Rico Plan are counted for purposes of the two-loan limit);
- If you have a pending Qualified Domestic Relations Order (QDRO), you may not initiate a loan;
• You can borrow a maximum of the lower of (a) 50% of your account balance, or (b) $50,000 reduced by the highest balance of any other Plan loan you have outstanding in the preceding 12 months;
• Your Roth contributions will count toward these maximum limits, but you may not take a loan from your Roth balance;
• Currently, the interest rate will be one percent (1%) over the prime rate as published in The Wall Street Journal on the last business day of the month preceding the month in which the loan is requested, provided that for participants on military leave, the loan interest rate will be the lesser of the original loan rate or 6% for the duration of the military leave;
• Loan funds will be withdrawn from the following accounts pro rata and will be taken from the investment funds in which each such account is invested on a pro-rata basis:
  • After-tax contribution account
  • Rollover account
  • Employee pre-tax contribution account
  • Company matching contribution account
• You have a maximum of five years to repay a general purpose loan and 15 years to repay a principal residence loan. You may request a shorter term;
• For principal residence loans, you must select the amount and length of your loan over the phone or online, and you will then receive a loan application package from T. Rowe Price requesting proof of home purchase;
• You may pay off a loan in good standing in full at any time prior to the end of a loan term (partial repayments are not allowed), including, for terminated participants, prior to the loan default/offset date (contact T. Rowe Price for a loan pre-payoff kit, see contact information below);
• Loan repayments are invested according to your investment elections on file at the time of repayment;
• Loan repayments are automatically deducted from your paycheck and credited to your account;
• If you are on a leave of absence (without pay or at a rate of pay less than your loan payments), loan repayments may be suspended during the leave (no longer than 12 months), and readjusted to reflect the additional interest
accrued during your leave upon your return to employment. Nevertheless, your loan must be paid off at the end of your applicable loan term, even if the loan term ends while you are on leave of absence;

• If you are on military leave, loan repayments may be suspended during the leave and readjusted upon your return to employment to reflect the additional interest accrued during your leave;

• If you miss a loan repayment, your loan will be considered delinquent and you will need to make up any missing payments and interest prior to the time required by Plan administrative procedures (generally, not later than the 15th day of the last month of the calendar quarter following the calendar quarter in which a payment is missed). If you do not make up your missed payments in time, your loan will be in default;

• There are income tax penalties for failure to repay a Plan loan according to schedule. If any payment remains overdue by the default date, the Plan is required to report the outstanding balance of your loan to the IRS as a “deemed distribution,” and you will owe income tax on the entire amount, including interest accrued to that date as if you had received a distribution from the Plan rather than a loan (including a 10% penalty tax if you are under age 59½). After a loan is deemed distributed, payroll deductions for loan payments will stop; and

• If your loan is in default or if you already have had a deemed distribution with respect to a loan that is still in default and you reach age 59½, become totally disabled, die, or terminate employment with the Company, your account balance will be reduced (“offset”) by the amount necessary to repay the loan and all accrued interest in full, and the amount of the offset will be reported to the IRS. A 10% penalty tax may apply if you are under age 59½ (55 in some cases). A loan offset will also occur if you terminate employment and fail to pay the entire outstanding balance of a loan within 45 days of termination of employment (or possibly earlier if your are delinquent on your payments). An offset loan will be treated as paid in full and you will have no further obligation with respect to the loan.

If you wish to take a loan, contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com.

**When will I default on a loan?**

Your loan will be delinquent if you do not make payments when due in accordance with the terms of the loan. If you are paid weekly and your loan is delinquent for
five or more payments or if you are paid biweekly and your loan is delinquent for three or more payments, you risk a loan default. A letter will be sent to you at this time. Unless payments have otherwise been suspended according to Plan procedures governing an eligible leave of absence, you will have a limited time to bring a delinquent loan current or it will be defaulted (generally, delinquent payments are not accepted later than the 15th day of the last month of the calendar quarter following the calendar quarter in which the payment is missed). If your loan is defaulted, the entire unpaid balance will be treated as a taxable distribution to you, and early withdrawal penalties may apply. T. Rowe Price will notify you prior to this occurrence. If this occurs, an IRS Form 1099-R will be issued by January 31 of the year following the year of the deemed distribution.

**What if I am on military leave?**

The Plan will suspend the obligation to repay participant loans if you are on leave for military service and you have elected to do so. However, loan repayments must resume either upon the end of your military service or on the fifth anniversary of your service commencement, whichever is greater, and repayments must resume in the same manner as required under the terms of the original loan. Your loan interest rate will be the lesser of the original loan rate or 6% for the duration of the military leave. The loan must be repaid in full (including the interest that accrued during the period of military service) by the end of the period equal to the original term of the loan plus the period of military service (and any applicable cure period allowed by Plan administrative procedures). Your loan repayment amounts will be adjusted to reflect the additional interest accrued during your military leave.

**Section VII: IN-SERVICE WITHDRAWALS**

Active employees of the Company and Company controlled group members can request certain withdrawals from their GapShare 401(k) Plan accounts.

**What if I want to take in-service withdrawals while I am still employed but I'm not yet 59½ years of age and I am not disabled?**

If you are employed with the Company and your account(s) in the Plan contain rollover or Roth rollover funds from a previous plan, after-tax funds, or Pre-1998 matching funds, you may withdraw all or a portion of those funds at any time. Your withdrawal is subject to applicable state and federal income tax and, if
you are not yet age 59½, early withdrawal penalties. Contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com and a check will be mailed to your address of record within an administratively practicable period.

What happens when I turn age 59½?
If you are over age 59½, you may withdraw any portion of your vested account balance at any time, even while employed with the Company. The withdrawal does not require a reason, nor does a penalty apply. Your withdrawal will be subject to applicable state and federal income taxes. To take a withdrawal, you must contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com.

What happens when I turn 70½?
If you reach age 70½ while you are employed at the Company, you will begin receiving required minimum distribution (RMD) payments each year for a portion of your Plan accounts. This amount is determined by law and is calculated based on your life expectancy. T. Rowe Price will notify you of such payments.

Military leave withdrawals
If you are on military leave for at least 30 days and have not terminated employment, you may be eligible to receive a distribution of all or a portion of your tax-deferred contribution account balance while on military leave. Please note that your ability to make contributions to the Plan will be suspended for a six-month period after such a distribution occurs. To take a withdrawal, you must contact T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com.

May I make a withdrawal due to financial hardship?
Yes. Hardship withdrawals are available if you cannot meet certain immediate and heavy financial needs with your own resources or by taking an in-service withdrawal or a loan from the Plan. However, hardship withdrawals are governed by strict IRS rules designed to ensure that funds set aside for retirement are not used for other purposes unless absolutely necessary. A hardship withdrawal is treated as taxable income and you will incur an early distribution penalty tax if you are younger than age 59½.

Hardship withdrawals must be a minimum of $500 and you are allowed up to four hardship withdrawals per year. Your hardship withdrawal can be taken only from the following accounts on a pro-rata basis from the investment funds in which you are invested:

- Employee pre-tax contributions excluding earnings after Dec. 31, 1988;
• Employee Roth contributions excluding earnings;
• Company discretionary matching contributions.

A withdrawal will meet the hardship withdrawal standards only if the following requirements are met:

• The distribution is not in excess of the amount of your immediate and heavy financial need (including amounts necessary to pay any state, federal, or local income taxes or penalties reasonably anticipated to result from the withdrawal);
• You have obtained all other currently available distributions (including payment by check of Gap Stock Fund dividends and loans) from the Plan. Note that from the date a hardship withdrawal is approved, you will be deemed to have elected to begin receiving in cash any applicable dividends from amounts you have invested in the Gap Stock Fund. You may later change this election.

You may qualify for a hardship withdrawal only if you have an immediate and heavy financial need related to the following:

• Purchase of a principal residence, not including mortgage payments. Your hardship withdrawal must be requested, processed, and paid out before the close of escrow;
• Tuition, related educational fees, and room and board for the next 12 months of post-secondary education for you, your spouse, any of your dependents, or your primary beneficiary;
• Medical expenses not reimbursed through insurance or other plans for you, your spouse, any of your dependents, or your primary beneficiary;
• Eviction from or foreclosure on your principal residence;
• Payment of expenses for the repair of damages to your principal residence that are deductible on your tax return; or
• Payment of burial or funeral expenses for your deceased parent, spouse, children, dependents, or your primary beneficiary.

Examples of expenses NOT eligible for a hardship withdrawal include, but are not limited to:

• Credit card debt;
• Unpaid taxes;
• Car payments and repairs;
• Personal loan payments;
• Utility bills; and
• Other personal expenses.

You must contact T. Rowe Price at 1-888-GAP-401K (427-4015) to request a hardship withdrawal. You must also provide the documentation described in the application that supports the reason for your withdrawal and the dollar amount that you are requesting. If your application is approved, a check will be mailed to your address of record within an administratively practicable period.

**How will my hardship withdrawal be taxed?**

The taxable amount of your hardship withdrawal will be subject to federal withholding of 10% and state income taxes (unless you elect out of withholding). Hardship withdrawals cannot be rolled over. In addition, there may be a 10% federal tax penalty on any withdrawal taken before you reach age 59½. There also may be state penalty taxes. Because tax laws are complicated and subject to change, you may wish to talk to your tax adviser about your personal situation.

**What happens if I become permanently disabled?**

If you are permanently disabled and terminate employment, you can elect to have your account balance paid to you. The distribution will be made as soon as administratively possible after your request and the Company’s approval, following the determination of disability. Under the Plan, a “Disabled Employee” means a participant who can no longer continue in the service of his employer because of a mental or physical condition that is likely to result in death or is expected to continue for a period of at least six months. A participant shall be considered disabled only if the Company or its delegate determines he or she is a Disabled Employee based on a written certificate of a physician.

**Section VIII: DISTRIBUTIONS**

**What happens when I leave the Company?**

In order to take a distribution of your vested account balance when you retire or otherwise terminate employment, you must contact T. Rowe Price at http://rps.troweprice.com or at 1-888-GAP-401K (427-4015). You will receive a Rollover Options Notice before a distribution is made to you. In this notice, you will find information you’ll need to make important decisions about how you want your distribution paid. All distributions not rolled over will be made in the form of a check. However, if you have invested a portion of your accounts in
the Gap Stock Fund, you may have that portion paid in Gap Inc. Stock. Should you wish to receive Gap Inc. Stock, you must make such election at the time of your distribution. To avoid delays in receiving your distribution, notify Employee Services at (866) 411-CSSC, x20600 and T. Rowe Price immediately if you should change your name or address after terminating employment.

**What if my account balance is more than $1,000 but less than $5,000?**
If you terminate your employment and the value of your account balance is more than $1,000 but less than $5,000 (excluding any rollover balance), you will be notified that you should contact T. Rowe Price within 30 days. If after 30 days you have not contacted T. Rowe Price, the value of your entire account will be distributed in a direct rollover to an IRA with T. Rowe Price.

If your account is automatically rolled over to an individual retirement account (IRA), it will be established in your name and invested in the T. Rowe Price Prime Reserve Fund, a fund designed to preserve your principal account balance, provide a reasonable rate of return, and maintain liquidity. Fees and expenses charged for the establishment and maintenance of your IRA will be paid directly from your IRA. For further information concerning the Plan’s automatic rollover provision, the IRA provider, the investment fund, and the fees and expenses charged for establishing and maintaining the IRA, please contact T. Rowe Price at 1-888-GAP-401K (427-4015).

**What if my account is $1,000 and under?**
If the value of your account is $1,000 or less and is greater than the de minimis amount described below, you will receive a cash lump-sum distribution of the value of your entire account. Your distribution will be taxed at the mandatory federal rate of 20%, and state taxes will also be withheld (if applicable) except when amounts distributed are qualified Roth distributions or after-tax contributions.

If the value of your account is a de minimis amount too small to be distributed (currently $5.00 or less, but subject to change from time to time), it will not be paid out to you, but will be forfeited under the terms of the Plan.

**How will my distributions be taxed?**
Taxes will be withheld automatically from your distribution. The current required federal withholding rate is 20% of the taxable portion of your distribution.
State withholding also may apply. You may also be liable for a 10% penalty on your distribution if you’re under age 59½. (Special exceptions apply—Refer to “Section X: Additional tax information” for details.)

Can I delay taking a distribution after I terminate employment?
If your account exceeds $5,000 (excluding your rollover contribution account), you may delay distribution until April 1st of the year following the year in which you turn age 70½, at which time minimum distributions required by the Internal Revenue Code must begin. If your distribution is deferred in this way, the amounts you have invested in the available funds will remain invested as you have elected. You will continue to receive and/or have access to quarterly statements and can continue to make transfers among the funds in the Plan until you elect to receive your balances.

How do I take a qualified Roth distribution?
Because Roth contributions are made on an after-tax basis, you are not taxed on your qualified Roth distributions. In addition, the earnings you accumulate on Roth contributions will not be subject to federal income taxes at withdrawal, provided that you (1) have had your Roth contributions account for at least five years and are at least age 59½ (or distribution occurs due to death or disability as defined in Code Section 72(m)(7)); or (2) you roll over your Roth contributions to a Roth IRA or another employer’s plan that accepts Roth contributions.

How do I roll over my Plan balance to an IRA or other tax-qualified plan?
If you leave the Company and you want your distribution directly rolled over to an IRA or to another employer’s tax-qualified plan that accepts such rollovers, you can call T. Rowe Price at 1-888-GAP-401K (427-4015) to request a distribution.

If you receive a taxable distribution from the Plan (instead of having it directly rolled over), you also may roll over that amount to an IRA or another employer’s plan that accepts such rollovers—providing it is done within 60 days after receipt of the distribution. The amount that is rolled over will not be subject to income tax until it is distributed. It will, however, be subject to income tax withholding. An additional 10% federal income tax will apply to the taxable amount of your distribution if it is made before you reach age 59½. However, this additional tax does not apply to:

- Distributions rolled over or transferred into an IRA or another qualified plan;
- Distributions made after your death;
- Distributions due to your disability;
• Distributions made after you have terminated at age 55 or older;
• Distributions to the extent you have deductible medical expenses; or
• Payments to an alternate payee due to a Qualified Domestic Relations Order (QDRO).

You may not take loans, hardship, or other in-service withdrawals from your account after you’ve terminated from the Company. If you request a payout but you are rehired before your account is paid to you, you will not be able to receive the distribution. The funds will remain in your account until you terminate from the Company.

**How do I roll over to a Roth IRA?**
You may also roll over a distribution of your Roth and non-Roth account balances to a Roth IRA. However, if you have a modified adjusted gross income greater than $100,000 or if you are married and you and your spouse file separate federal income tax returns, you may not make a rollover to a Roth IRA until 2010. If eligible, you may make a rollover to a Roth IRA through a direct rollover or a 60-day rollover. As with any “conversion” of non-Roth amounts to a Roth IRA, you must include in your income any portion of the rollover amount that would be includible in income if the amount were distributed but not rolled over. The 10% excise tax does not apply to rollovers to Roth IRAs. Although no withholding is required for a direct rollover to a Roth IRA, you may elect to have withholding apply.

**How does a non-spousal beneficiary rollover work?**
If you are a beneficiary other than a surviving spouse or alternate payee, you may directly roll over a payment to a Traditional IRA or Roth IRA, if eligible, or have the benefit paid to you. You may not make a 60-day rollover and you may not make a rollover to an eligible employer plan. The Traditional or Roth IRA accepting the transfer must be treated as an inherited/beneficiary IRA, under which benefits must be distributed in accordance with the applicable required minimum distribution rules. You may not roll over the benefits again from the Traditional or Roth IRA to another IRA or eligible employer plan.

Benefits that are rolled over to a Traditional IRA, and Roth and/or Roth rollover contributions that are rolled over to a Roth IRA, are not taxable to the non-spousal beneficiary until they are subsequently distributed from the IRA; however, as described above, non-Roth amounts that are rolled over to a Roth IRA must be included in income as if the amounts were distributed but not rolled over. No rollover is available if payments are being made to a participant’s estate, and special rules apply to payments to a trust.
How is Gap Stock taxed at distribution?

There is a special rule for any distribution from the Plan that includes shares of Gap Inc. Stock. To use this special rule, your distribution must qualify as a lump-sum distribution. A “lump-sum distribution” for these purposes is a distribution within one calendar year of the entire balance of your account that is payable to you because you have reached age 59½ or have separated from service with the Company. Under this special rule, you may have the option of not paying tax on any “net unrealized appreciation” of Gap Inc. Stock until you sell it. Net unrealized appreciation generally is the amount by which the fair market value of the distributed Gap Inc. Stock exceeds the Plan’s “tax basis” in the stock. Generally speaking, the Plan’s basis in the Gap Inc. Stock will be the cost of the stock to the Plan, as calculated in accordance with IRS regulations. For example, if Gap Inc. Stock with a tax basis of $1,000 is distributed to you, but is worth $1,200 when you receive it, you would have the option of not paying tax on the $200 net unrealized appreciation until you later sell the stock.

You may, however, elect not to have the special rule apply to net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year of distribution of Gap Inc. Stock, unless you roll it over to an IRA or another employer’s qualified plan. If you receive Gap Inc. Stock in a distribution that qualifies as a lump-sum distribution, the special tax treatment for lump-sum distributions described below (such as 10-year averaging) also may apply. The nature of these transactions may be complicated, so it is important that you consult with your tax advisers regarding your specific situation. See IRS Form 4972 for additional information on these rules.

No assignment of your account and Qualified Domestic Relations Order (QDRO)

As a general rule, your interest in your account may not be “alienated.” This means your Plan account may not be sold, used as collateral for a loan (except for a qualified loan from the Plan), given away, or otherwise transferred. Your creditors generally may not attach, garnish, or otherwise interfere with your account.

There are exceptions to this general rule. For example, in connection with a marital dissolution proceeding (divorce), your spouse, former spouse, child, or other dependent may be eligible to receive all or a portion of your vested Plan account balance according to a domestic relations order applicable to your account. The Company must first determine that the order is a Qualified Domestic Relations Order (QDRO) as defined under federal law. Any payments must be made as specified in the QDRO. Your account will be frozen and ineligible for withdrawals, loans, or
distributions in connection with any such domestic relations order until the QDRO
determination is finalized. To obtain a copy of the Plan’s procedures governing
QDROs and a model QDRO, contact QDRO Consultants at (800) 527-8481.

Section IX:  DEATH BENEFITS

What happens if I die while working for the Company?
If you die, your beneficiaries will be eligible to receive a payout of your total
account balance in a single lump sum or make a direct rollover of all or a portion
of your account balance into a Traditional or Roth IRA. If your beneficiary is your
spouse, he or she will also be eligible to roll over all or a portion of your account
balance to another employer’s plan, and he or she can do so in a direct or 60-day
rollover. If you have an outstanding loan from the Plan, distributions will be offset
by the amount necessary to repay the loan.

If any beneficiary is a minor or incompetent, the Plan may instead distribute benefits
to that person’s parent (if a minor), legal conservator or guardian, custodian, trustee,
or to a responsible adult. If no effective beneficiary designation is on file when you
die, your vested account balance will be paid to your spouse if you are married.
Otherwise, it will be paid to your estate, as available.

You must designate your beneficiary through T. Rowe Price online at

Can I name a beneficiary other than my spouse?
Yes, only if your spouse agrees. Your spouse’s agreement must be in writing on the
beneficiary form provided by T. Rowe Price and must be received prior to your death.
Your spouse’s signature must be witnessed by a notary public. If you designate a
beneficiary other than your spouse and your spouse has not consented in writing
on the applicable form, your account will be paid to your spouse and not your
designated beneficiary. If you have designated a beneficiary and then get married,
the prior designation will be ineffective unless you obtain the written consent of
your new spouse or a Qualified Domestic Relations Order provides otherwise. To
request a Beneficiary Designation Form, contact T. Rowe Price at 1-888-GAP-401K
(427-4015).
Can I designate more than one beneficiary?
Yes. You can name multiple beneficiaries. However, unless you specify the percentage each is to receive, they will receive equal shares. You may also designate beneficiaries as either primary or secondary. Secondary beneficiaries are entitled to a distribution only if no primary beneficiary survives you.

What happens if I get divorced?
Unless a Qualified Domestic Relations Order (QDRO) provides otherwise, designation of your spouse as beneficiary is automatically revoked upon the final dissolution (or annulment) of your marriage. In the event of your death, your account would be paid out as if your former spouse had died before you. If you still want your former spouse to be the beneficiary, or if a court has ordered you to keep your former spouse as beneficiary, you must fill out a new beneficiary designation form after the divorce to reinstate your former spouse as your beneficiary.

When will a distribution be made to my beneficiary?
If the account balance payable to your beneficiary is less than $5,000 (excluding your rollover contribution account), it will be automatically distributed to your beneficiary as soon as administratively possible. If your account balance exceeds this amount, your beneficiary may, instead, delay distribution until December 31st of the calendar year containing the 5th anniversary of your death. If your beneficiary is your spouse, he or she may delay distribution until December 31st of the calendar year in which you would have attained age 70½, at which time required minimum distributions required by the Internal Revenue Code must begin.

Section X: ADDITIONAL TAX INFORMATION
This Summary Plan Description provides you with a brief description of some of the U.S. federal income taxation rules that affect your account under the Plan. If you live outside the U.S., your tax treatment may be different. Please note that the tax treatment of distributions from qualified plans such as this Plan is very complex and that the Company is not permitted to provide you with individualized tax advice. The income tax treatment of distributions from qualified plans such as this Plan may vary from state to state and from locality to locality. You should consult with your state or local tax authorities or a professional tax adviser regarding the tax treatment of any distributions made to you under the Plan. More information on the tax effects of a distribution from the Plan is contained in the Rollover Options Notice that will be sent to you at the time you receive a distribution, as well as in IRS
Publication 575 (“Pension and Annuity Income”). You can get an advance copy of the Rollover Options Notice by contacting T. Rowe Price at 1-888-GAP-401K (427-4015) and/or a copy of IRS Publication 575 by calling or writing to the IRS.

Section XI: LEGAL NOTICES

Many laws govern the benefits programs discussed in this booklet, which is called a Summary Plan Description. This section contains detailed legal information that you and your family may need to know. It explains how claims are reviewed and how they may be appealed. It also includes information about your legal rights under the Employee Retirement Income Security Act (ERISA).

In any given year, the Company may make changes in the Plan for any reason, ranging from minor administrative revisions to larger strategic revisions. The Company has the right to terminate the Plan or amend or eliminate benefits provided under the Plan at any time and for any reason. The Company will notify you of any changes when appropriate. Amendments to or termination of the Plan will not reduce your vested interest earned under the Plan prior to the effective date of the change. In other words, all contributions to the Plan will stop, but the trust will continue until all funds have been distributed. Tax laws require that the Plan be tested periodically to see if certain owners and executives of the Company are earning more than 60% of the total benefits provided by the Plan. If so, the Plan is considered “top heavy.” This Plan is not currently top-heavy and is not expected to become so; however, certain special rules will apply if it ever becomes top-heavy.

In the case of any omission or conflict between this booklet and the actual provisions of the Plan, the official Plan document will govern. Plan benefits are paid only if provided for in the official Plan document. Further, no contract of employment with any active or retired employee is created by this Summary Plan Description or any coverage described within it. You, your beneficiaries, or your legal representative are welcome to read the more detailed legal Plan text that governs the GapShare 401(k) Plan. You may contact Employee Services at (866) 411-CSSC, x20600 for instructions on how to get this document.

Section XII: PLAN ADMINISTRATION INFORMATION

Plan information
Plan Name: GapShare 401(k) Plan
Plan Number: 001
Plan Year: January 1st – December 31st
Type of Plan: The GapShare 401(k) Plan is a defined contribution plan, which includes a 401(k) feature. The portion of the Plan invested in the Gap Stock Fund is an Employee Stock Ownership Plan (“ESOP”).

Name and address of Plan sponsor
The Gap, Inc.
2 Folsom Street
San Francisco, CA 94105
(866) 411-CSSC, x20600

Plan sponsor’s federal Employer Identification Number
94-1697231

The Plan allows other employers to adopt its provisions. You or your beneficiaries may examine or obtain a complete list of employers, if any, who have adopted the Plan by making a written request to the Company.

Plan administrator
The Company is the Plan Administrator. It maintains Plan records and is responsible for the Plan’s overall administration. The Company may delegate all or a portion of its duties to one or more employees, third-party recordkeepers, and other persons. The U.S. Savings Plan Investment Committee is responsible for monitoring, selecting, and discontinuing the investment options (with the exception of the Gap Stock Fund) offered under the Plan in accordance with applicable law and the Plan’s investment guidelines. The Company will answer any questions you may have about the Plan or this Summary Plan Description. You can contact the Company at:

The Gap, Inc.
Benefits Department
2 Folsom Street
San Francisco, CA 94105
(866) 411-CSSC, x20600

The Company has the discretionary authority to interpret the provisions of the Plan. All decisions of the Company and all actions taken by it with respect to the Plan and within the powers granted to it under the Plan shall be conclusive and binding on all persons.
Plan trustee
The Trustee of the Plan has been designated to hold and invest the assets of the Plan for the benefit of you and other Plan participants. The trust fund established by the Trustee will be the funding medium used for the accumulation of assets and through which Plan benefits will be distributed. The name, principal place of business, and telephone number of the Trustee are as follows:

T. Rowe Price Trust Company
100 East Pratt Street
Baltimore, MD 21202
1-888-GAP-401K (427-4015)

Contributions held in trust fund
Your Plan contributions will be deposited into a “trust fund” along with all other contributions. The trust fund will be maintained exclusively for the benefit of you and all of the other Plan participants. The Company may not take money from the Plan or use it for any purpose other than to provide benefits to Plan participants or to pay expenses of the Plan.

Benefit insurance
Benefits provided by the Plan are not insured by the Pension Benefit Guaranty Corp. (PBGC) under Title IV of the Employee Retirement Income Security Act of 1974 (ERISA), since that insurance program does not apply to plans such as the GapShare 401(k) Plan.

Service of legal process
Service of legal process may be made upon:

The Gap, Inc.
2 Folsom Street
San Francisco, CA 94105
415-427-0100

The Plan trustee or the Company may serve as agent for the service of legal process in matters relating to the Plan.

Mistake of fact
A misstatement or other mistake of fact shall be corrected when it becomes known, and the Company shall make such adjustment as it considers equitable and practicable. For example, if a participant or beneficiary receives a payment from the Plan that is greater than the payment that should have been made, or
if a person receives an erroneous payment from the Plan, the Company has the right to recover the excess amount or erroneous payment from the participant, including any earnings thereon. In certain circumstances, the Company may deduct the amount of the excess or erroneous payment from the participant’s or beneficiary’s Plan account.

Section XIII:  **GENERAL CLAIMS INFORMATION**

Benefits under the Plan will be paid only if the Company decides in its discretion that you (or your beneficiary) are entitled to them. The Company’s decision will be final and binding. All decisions and communications to participants and beneficiaries (or other claimants) regarding a claim for benefits under the Plan shall be held strictly confidential by the participant, his beneficiaries (or other claimants), the Company, the participating employer, and their agents.

**General benefit claims**

If you or your beneficiary make a request for benefits, other than disability benefits (see “Disability benefit claims” below) and your request is denied, you may make a written claim to the Company for benefits under the Plan. Routine requests for information regarding your benefits under the Plan and other similar inquiries will not be considered benefit “claims” that require processing under ERISA. If you wish to make a claim for Plan benefits in accordance with your rights under ERISA, you must do so in writing to the Company. If you submit a written claim for Plan benefits and your claim is wholly or partially denied, the Company will furnish you with a written notice of this denial. This written notice will be provided to you within a reasonable period of time (generally 90 days, but not more than 180 days) after the Administrator has received your claim. The written notice will contain the following information: (i) the specific reasons for the denial, (ii) reference to the specific Plan provisions upon which the decision is based, (iii) a description of any additional information you might be required to provide with an explanation of why it is needed, (iv) an explanation of the Plan’s claims review and appeal procedures, and (v) a statement regarding your right to bring a civil action under Section 502(a) of ERISA following a denial on appeal.

If notice of the denial of a claim is not furnished to you in accordance with the above within the period of time specified by the Company, your claim will be deemed denied. You will then be permitted to proceed to the appeal stage described below. If your claim is denied and you wish to submit your claim for appeal, you must follow the claims appeal procedures that follow:
• Upon the denial of your claim for benefits, you may file a written appeal with the Company. You can get appeal information by calling the Global Benefits Department;

• You or your authorized representative must file your appeal no later than 60 days after you have received written notification of the denial of your claim for benefits;

• You or your authorized representative may review all supporting documents relating to the denial of your claim and submit any written comments to the Company; and

• Your appeal will be reviewed and you will be notified of a decision in writing within 60 days after the Company has received your written appeal. There may be times when this 60-day period may be extended. This extension may only be made, however, where there are special circumstances that are communicated to you in writing within the 60-day period. If there is an extension, a decision will be made as soon as possible, but not later than 120 days after the Company has received your appeal.

The Company’s decision on your appeal will be communicated to you in writing and will include: (i) the specific reasons for the decision; (ii) references to the specific Plan provisions on which the decision is based; (iii) a statement that you are entitled to receive, upon request and free of charge, access to and copies of all documents, records, and other information relevant to the benefit claim; and (iv) a statement regarding your right to bring a civil action under Section 502(a) of ERISA following a denial on appeal.

You may not initiate any lawsuit to recover under the Plan until you have exhausted the claims and appeals procedures described above. After exhaustion of the Plan’s claims procedures, any further legal action taken against the Plan, the Company or any of the other Plan fiduciaries must be filed in a court of law no later than 90 days after the Company’s final decision regarding the claim.

Disability benefit claims
The Company will provide you with notice of the status of your claim for disability benefits within a reasonable period of time after a complete claim has been filed, but no later than 45 days after receipt of your claim for benefits. The Company may request an additional 30-day extension if special circumstances warrant by notifying you of the extension before the expiration of the initial 45-day period. If a decision still cannot be made within this 30-day extension period due to
circumstances outside the Company’s control, the time period may be extended for an additional 30 days, in which case you will be notified before the expiration of the original 30-day extension.

If you have not submitted sufficient information to the Company to process your disability benefit claim, you will be notified of the incomplete claim and given 45 days to submit additional information. This will extend the time in which the Company has to respond to your claim from the date the notice of insufficient information is sent to you until the date you respond to the request. If you do not submit the requested missing information to the Plan within 45 days of the date of the request, your claim will be denied.

If your disability benefit claim is denied, you will receive a notice that will include (i) the specific reasons for the denial, (ii) reference to the specific Plan provisions upon which the decision is based, (iii) a description of any additional information you might be required to provide with an explanation of why it is needed, (iv) an explanation of the Plan’s claims review and appeal procedures, and (v) a statement regarding your right to bring a civil action under Section 502(a) of ERISA following a denial on appeal.

You may appeal a denial of a disability benefit claim by filing a written request with the Company within 180 days of your receipt of the initial denial notice. In connection with your appeal, you may request that the Plan provide you, free of charge, copies of all documents, records, and other information relevant to the claim. You may also submit written comments, records, documents, and other information relevant to your appeal, whether or not such documents were submitted in connection with the initial claim. The Company may consult with medical or vocational experts in connection with deciding your claim for benefits.

The Company will conduct a full and fair review of the documents and evidence submitted and will ordinarily render a decision on your disability benefit claim no later than 45 days after receipt of your request for review on appeal. If there are special circumstances, the decision will be made as soon as possible, but no later than 90 days after receipt of your request for review on appeal. If such an extension of time is needed, you will be notified in writing prior to the end of the first 45-day period. The Company’s final written decision will set forth (i) the specific reasons for the decision; (ii) references to the specific Plan provisions on which the decision is based; (iii) a statement that you are entitled to receive, upon request
and free of charge, access to and copies of all documents, records, and other information relevant to the benefit claim; and (iv) a statement regarding your right to bring a civil action under Section 502(a) of ERISA following a denial on appeal.

The Company’s decision on appeal is final. If you subsequently wish to file a claim against the Plan, any legal action must be filed within 90 days after the Company’s final decision. You may not initiate any lawsuit to recover under the Plan until you have exhausted the appeal rights described above and the Plan benefits requested in that appeal have been denied in whole or in part.

Section XIV: YOUR ERISA RIGHTS

Receive information about your Plan and benefits
As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, you and all other Plan participants have the right to:

- Examine, without charge, at the Company’s principal office and other specified work locations, all Plan documents (including collective bargaining agreements and insurance contracts) and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports (Form 5500 Series), and available at the Public Disclosure Room of the Employee Benefits Security Administration;

- Obtain copies, at a reasonable charge, of all Plan documents and copies of the latest annual report (5500 Series) and updated Summary Plan Description upon written request to the Company;

- Receive a summary of the Plan’s annual financial report at no charge; and

- Obtain a statement—free of charge—telling you whether you have a right to receive a benefit at age 65, and if so, what your benefits would be at age 65 if you stop working now. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more than once a year.

Prudent action by Plan fiduciaries
In addition to creating rights for the Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently
and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

Enforce your rights
If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to obtain copies of documents relating to the decision without charge. You have the right to have the Company review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For example, if you make a written request for materials from the Company and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Company to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the Company’s control. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court after the appropriate appeals process has been exhausted. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If Plan fiduciaries misuse the Plan’s money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees—for example, if it finds your claim to be frivolous.

Assistance with your questions
If you have any questions about your Plan, you should contact Employee Services. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory; or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Ave. N.W., Washington, D.C., 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.
Section XV: **IF YOU NEED FURTHER INFORMATION**

If you have any questions about the GapShare 401(k) Plan or need copies of this booklet, the documents incorporated by reference in this booklet (other than exhibits to such documents), including the Company’s and the Plan’s latest Annual Reports, any supplements to them, information concerning the administrators of the Plan, and copies of other reports, proxy statements, and communications generally distributed to the Company’s shareholders are available (without charge) upon oral or written request to:

The Gap, Inc.
Benefits Department
2 Folsom Street, San Francisco, CA 94105
(866) 411-CSSC, x20600.

If you would like to receive a copy of the prospectus for any of the investment funds available under the Plan, please call T. Rowe Price at 1-888-GAP-401K (427-4015) or visit http://rps.troweprice.com. DM_US 27463129-2.044633.0011
Benefits
take the time

http://rps.troweprice.com
1-888-GAP-401K
(427-4015)

GapShare 401(k) Plan

Gap Inc.