CANADA VACATION POLICY

Revised January 2010

Gap Inc.
Gap
Banana Republic
Old Navy
CANADA VACATION POLICY - DEFINITIONS

1. DEFINITIONS

<table>
<thead>
<tr>
<th>Full-Time Employees</th>
<th>Employees who are designated as full-time. On average, full-time employees work 30 hours or more in a week on a regular basis.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-Time Employees</td>
<td>Employees who are designated as part-time. On average, part-time employees work 29 hours or less in a week on a regular basis.</td>
</tr>
<tr>
<td>Seasonal Employees</td>
<td>Employees who are designated as seasonal employees. On average, seasonal employees work 29 hours or less in a week for a defined term.</td>
</tr>
<tr>
<td>Vacation Time</td>
<td>A pre-planned absence from the workplace, earned in accordance with the provisions of this policy.</td>
</tr>
</tbody>
</table>
| Vacation Pay        | The total amount of pay that an employee is entitled to receive based on his/her Vacation entitlement.  
• For part-time/seasonal employees (excluding employees in the province of Quebec), Vacation Pay is accrued and paid each pay period  
• For full-time employees and part-time employees in the province of Quebec, Vacation Pay is accrued each pay period and paid when the employee takes Vacation Time |

CANADA VACATION POLICY - APPLICATION

2. APPLICATION

Unless otherwise indicated, this policy applies to all Canadian employees. No exceptions to the vacation policy will be made for any reason.
3. VACATION TIME ENTITLEMENT

Eligible employees earn Vacation Time in accordance with the following schedules:

Canada Field, Canada Head Office & Regional Offices, Distribution Centre

<table>
<thead>
<tr>
<th>Grade</th>
<th>Years of Service</th>
<th>Maximum Total Weeks Earned Each Year (based on 2080 hours worked per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-13</td>
<td>0-4.9 Years</td>
<td>2 Weeks* (80 hours)</td>
</tr>
<tr>
<td></td>
<td>5-9.9 Years</td>
<td>3 Weeks (120 hours)</td>
</tr>
<tr>
<td></td>
<td>10+ Years</td>
<td>4 Weeks (160 hours)</td>
</tr>
<tr>
<td>14 and above</td>
<td>0-4.9 Years</td>
<td>3 Weeks (120 hours)</td>
</tr>
<tr>
<td></td>
<td>5 -7.9 Years</td>
<td>3.5 Weeks (140 hours)</td>
</tr>
<tr>
<td></td>
<td>8+ Years</td>
<td>4 Weeks (160 hours)</td>
</tr>
</tbody>
</table>

* Employees working in the province of Saskatchewan will begin earning Vacation Time at 3 weeks per year upon their date of hire as per provincial legislation.

4. VACATION PAY ENTITLEMENT

All employees are entitled to Vacation Pay as follows:

Full-Time Employees

<table>
<thead>
<tr>
<th>Grade</th>
<th>Vacation Pay Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All grades</td>
<td>Full-time employees will be paid Vacation Pay equivalent to their current rate of pay when Vacation Time is taken.</td>
</tr>
</tbody>
</table>

Part-Time Employees

<table>
<thead>
<tr>
<th>Grade</th>
<th>Vacation Pay Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All grades</td>
<td>4% of base pay*</td>
</tr>
</tbody>
</table>

* Employees working in the province of Saskatchewan will begin earning Vacation Pay at 6% of base pay per year upon their date of hire as per provincial legislation. Employees working in the provinces of Alberta and Quebec will begin earning Vacation Pay at 6% of base pay per year after completing their fifth year of service as per provincial legislation. For all other provinces Provincial regulation will prevail.
5. FULL-TIME EMPLOYEES (All Provinces Except Quebec)

Full-Time employees begin earning Vacation Time and Vacation Pay during their first year of employment, pro-rated to the calendar year, and are entitled to take Vacation Time and Pay as soon as it is earned. Full-Time employees are required to schedule Vacation Time with the approval of their manager. Decisions regarding scheduling of Vacation Time are made at the sole discretion of the manager.

Full-Time employees and their managers are required to ensure that employees use their annual Vacation Time and Pay, as employees will not be permitted to carry over Vacation Time or Pay from year to year, except as provided in this policy.

To enable Full-Time employees to have greater flexibility to schedule their Vacation Time, employees who have outstanding Vacation Time at the end of a calendar year will carry over a maximum of one week (40 hours) of Vacation Time to the next calendar year.

If by the end of the first quarter of the calendar year, a Full-Time employee has more than one week of Vacation Time and Pay outstanding from the prior year, a payment equivalent to the Vacation Pay owed for Vacation Time in excess of one week will be made to the employee.

6. PART-TIME / SEASONAL EMPLOYEES (All Provinces Except Quebec)

Part-Time/Seasonal employees begin earning Vacation Time and Vacation Pay during their first year of employment. In the first year of employment, Vacation Time earned is pro-rated to the calendar year and Part-Time/Seasonal employees are entitled to take Vacation Time as soon as it is earned. Part-Time/Seasonal employees are required to schedule Vacation Time with the approval of their manager. Decisions regarding scheduling of Vacation Time are at the sole discretion of the manager.

Part-Time/Seasonal employees will be paid Vacation Pay on each pay date, calculated in accordance with this policy, commencing on the first date of employment.

Managers will be responsible for ensuring that employees do not take more Vacation Time than they are entitled to under this policy.

7. TRANSITIONS FROM PART-TIME / SEASONAL TO FULL-TIME (All Provinces Except Quebec)

If an employee changes his/her status from part-time/seasonal to full-time at any point during the year, the Vacation Pay earned during the remainder of the calendar year will be pro-rated to the calendar year.

8. TRANSITIONS FROM FULL-TIME TO PART-TIME / SEASONAL (All Provinces Except Quebec)

If an employee changes his/her status from full-time to part-time/seasonal at any point during the year, the employee will be paid all outstanding Vacation Pay earned and unpaid to that date in the next pay period. For each pay period going forward that the employee remains part-time, the employee’s Vacation Pay entitlement will be paid out on each pay date.
9. FULL-TIME AND PART-TIME / SEASONAL EMPLOYEES (Quebec Only)

Quebec employees begin earning Vacation Time and Vacation Pay (referred to as the annual leave indemnity) during their first year of employment, pro-rated to the calendar year, and are entitled to take Vacation Time and Pay as soon as it is earned.

Employees are required to schedule Vacation Time with the approval of their manager. At least three weeks (21 calendar days) prior to the vacation start date, employees must submit a vacation request to their manager. The manager must call Employee Services at the CSSC to verify that the employee has enough vacation accrued to cover the request. For part-time / seasonal employees (and full-time employees who choose to request their Vacation Pay to be paid out in advance of their Vacation Time), the manager must ask that a “Next Payroll Vacation Hours Request” is entered into PAR for the employee (paycode R88). Decisions regarding scheduling of Vacation Time are made at the sole discretion of the manager.

All Quebec part-time / seasonal employees (and full-time employees who want their Vacation Pay to be paid out in advance of their Vacation Time) will be paid all or a portion of their Vacation Pay on the pay period that is prior to the commencement of the scheduled Vacation Time.

Full-Time employees will be paid their Vacation Pay when they take Vacation Time.

Quebec employees and their managers are required to ensure that employees use their annual Vacation Time and Pay, as employees will not be permitted to carry over Vacation Time or Pay from year to year, except as provided in this policy.

To enable employees to have greater flexibility to schedule their Vacation Time, employees who have outstanding Vacation Time at the end of a calendar year will carry over a maximum of one week (40 hours) of Vacation Time to the next calendar year.

If by the end of the first quarter of the calendar year, an employee has more than one week of Vacation Time and Pay outstanding from the prior year, a payment equivalent to the Vacation Pay owed for Vacation Time in excess of one week will be made to the employee.
10. TRANSFERS IN CANADA

In situations where an employee transfers within Canada, his/her Vacation Time and Pay entitlements (as applicable) will follow him/her. For example, if an employee transfers from a Gap store to an Old Navy store, his/her Vacation Time and Pay entitlements (as applicable) will be maintained.

11. INTERNATIONAL TRANSFERS

In situations where an employee transfers from Canada to another country or vice versa, his/her Vacation Pay balance will be paid upon relocation.

12. MATERNITY / PARENTAL LEAVE

Employees on Maternity/Parental Leave will continue to accrue Vacation Time only in accordance with applicable provincial legislation. If the deadline to take Vacation Time occurs during the period of leave, the employee must take the Vacation Time (if any) at the conclusion of the leave period.

13. RE-HIRES

Length of service will be bridged for employees who are re-hired within 1 year of their last day worked. Upon their date of re-hire, these employees will be entitled to the vacation accrual rate that is applicable to the re-hired grade level and the employee’s original service date. Re-hired full-time employees and part-time employees in the province of Quebec will begin to accrue Vacation Time and Pay as of their date of re-hire. Re-hired part-time employees (excluding the province of Quebec) will begin to receive their Vacation Pay on each pay period as of their date of re-hire.

14. INFORMATION

Year to date vacation balances will be printed on employees’ paycheques / pay stubs. Vacation balances will print in the form of hours.

*Note: Part-Time/Seasonal employees (outside of Quebec) will not have a Vacation Pay balance because their Vacation Pay is paid each pay period.*

15. VACATION CARRYOVER

Banked vacation hours from the prior year can be carried over to the following year. These hours must be used in full by Oct 31st. Any unused hours will be subject to forfeiture. * approved medical and maternity leaves may be eligible to receive an extension.

16. TERMINATION

Upon termination, employees will receive a payment equivalent to the Vacation Pay earned and outstanding to the date of termination. Under no circumstances will compensation be paid for unearned Vacation Time.
All provisions of this policy are to be construed in accordance and compliance with all applicable legislation. Should any provision of this policy be deemed to provide a lesser benefit than is provided under the applicable legislation, the legislation shall apply.