ABOUT THIS BOOKLET

The following is a Summary Plan Description (“SPD”) that describes the Gap Inc. Deferred Compensation Plan (the “Plan”) and summarizes the main features of the Plan as of November 1, 2016.

This SPD does not contain all of the terms and conditions of the official Plan Document. In case of any conflict between the official Plan Document and any oral representation or informal written communication or this SPD, the official Plan Document will govern. The Gap, Inc. (the “Company”) reserves the right to amend or terminate any of its employee benefit plans, in whole or in part, at any time for any reason. The Company does not guarantee or have any responsibility for the tax, legal, or other implications of an employee’s participation in any employee benefit plan.

Please be sure to carefully read this entire booklet if you have questions about the Deferred Compensation Plan. If you would like to review a copy of the Plan Document or if you wish to receive a printed copy of this SPD, please contact the Benefits Department at (800) 333-7899, ext. 75133.
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SECTION I: OVERVIEW OF THE PLAN

The Deferred Compensation Plan is offered to a select group of management and highly compensated employees of the Company and its affiliates (collectively, the Company and its affiliates are referred to as the/an “Employer”) who contribute materially to the continued growth, development, and future success of the Employer, along with non-employee members of the Board of Directors of the Company (the “Board” or “Board Members”). The Plan provides eligible employees and Board Members the opportunity to save on a before-tax basis. By making deferrals under the Plan, you will avoid paying current federal income taxes on the income you defer and any notional earnings on your investment will grow tax-deferred. See below (“Tax & Legal Effects”) for a more detailed discussion of the general tax consequences of making deferrals under the Plan.

In order to achieve the favorable tax treatment provided by the Plan, benefits under the Plan are payable from the general corporate assets of your Employer. If your Employer becomes insolvent, it may be unable to pay all or part of your benefits under the Plan. Your Employer may deposit some or all of the contributions credited under the Plan into a special trust. The trust is designed to help the Employer pay benefits owed under the Plan. The trust may limit your Employer’s ability to use money deposited into the trust for a purpose other than the payment of Plan benefits. However, the money in the trust is always subject to the claims of your Employer’s creditors. Therefore, the trust does not ensure that your Plan benefits will be protected in the event that your Employer becomes insolvent.

The following bullet points describe the major features of the Plan:

+ The Plan allows you to save for the future on a before-tax basis;
+ Offers you a choice of notional investment options that have been selected by the U.S. Savings Plan Investment Committee (the “Investment Committee”), and you elect how your account balance will be allocated among any combination of those investment options. Your account balance will be credited or debited for notional investment gains or losses, appreciation, and depreciation based upon the performance of the notional investment options you choose. These notional investment returns also are credited on a before-tax basis;
+ If you are an employee Participant, the Plan permits you to defer up to 75% of your annual Compensation (defined under Section II on the next page), up to 90% of any eligible Bonus (see Section II for details) and any Employer-paid Matching Contributions (defined under Section II on the next page) to which you may be entitled;
+ If you are a Board Member Participant, the Plan permits you to defer up to 100% of your annual Compensation (defined under Section II on the next page);
+ Depending upon your age at the time of your retirement and subject to your elections, your account(s) will either be distributed in the form of a lump-sum payment or installment payments over 5, 10, or 15 years.

SECTION II: ELIGIBILITY

General Eligibility Rules
You are eligible to participate in the Plan if you are a member of the Board of Directors of the Company or you are an employee who satisfies both of the following conditions:

+ You are an employee of the Employer and you are employed at the level of “director” or higher (as determined by the Company); and
+ Your annual Compensation (defined below) exceeds 150% of the applicable Social Security Taxable Wage Base. For 2017, this amount is $177,750.
For these purposes, your employment level, annual Compensation, and the applicable Social Security Taxable Wage Base will be as in effect November 1st of the preceding Plan Year. The meaning of the term annual “Compensation” depends upon whether you are an employee Participant or a Board Member Participant. If you are an employee Participant, annual “Compensation” means your total remuneration from your Employer, including vacation pay and vacation payouts, and including amounts you elect to contribute to the GapShare 401(k) Plan, your share of premiums paid on a before-tax basis under the Company’s Flexible Benefit Plan or Flexible Spending Account Plan, or any transportation fringe benefit plan maintained by your Employer, but excluding bonuses and taxable and nontaxable fringe benefits, and excluding overtime and commission payments. Compensation for purposes of this Plan is determined without regard for any compensation limits applicable to tax-qualified benefit plans under the Internal Revenue Code. If you are a Board Member Participant, annual “Compensation” means all cash compensation (Board fees) payable to you for service on the Board and on Board committees, including attendance at Board meetings and Board committee meetings (but not including expense reimbursement).

When you first become eligible to participate in the Plan (due to your promotion, Compensation increase, commencement of employment with the Employer, or any other reason), your eligibility will be based on your position and annual Compensation in effect on the date you become so eligible (but based on the Social Security Taxable Wage Base in effect during the preceding year).

If you are employed by an Employer in a country other than the United States of America (the “U.S.”), you are not eligible to participate in the Plan unless you have been temporarily transferred to employment outside of the U.S., you are a citizen or resident alien of the U.S. when you are transferred, and you remain on an Employer’s U.S. payroll after the transfer.

Eligibility for Matching Contributions
Certain additional eligibility rules apply to Employer-provided Matching Contributions. To be eligible for such Matching Contributions, you must be an employee Participant, you must satisfy the length-of-service eligibility requirements applicable under the GapShare 401(k) Plan, and you must make a proper Compensation Deferral Election, as described on page 4.

SECTION III: COMPENSATION DEFERRAL ELECTIONS

If you are eligible to Participate, you become a Participant in the Plan by timely making a proper Compensation Deferral Election. T. Rowe Price will provide applicable Plan enrollment documents (including the Deferral Election Form) as soon as administratively feasible following your eligibility for the Plan.

If you are an employee Participant, you may elect to defer up to 75% of your annual Compensation earned during pay periods beginning after the effective date of your election. If you are a Board Member Participant, you may elect to defer up to 100% of your annual Compensation with respect to Fiscal Year quarters of the Company beginning after the effective date of your election.

Please note that your decision to participate in the Plan is entirely voluntary and you do not have to participate. Deferrals pursuant to your Compensation Deferral Election will be credited to your Deferred Compensation Plan account.

Compensation Deferral Election Timing
If you are an employee Participant, each year you must make your Compensation Deferral Election during the annual election period occurring in the year preceding the Plan Year for which your Compensation Deferral Election is effective. For the 2017 Plan Year, the annual election period runs from November 16, 2016, through December 16, 2016. For the 2017 Plan
Year, your Compensation Deferral Election will relate to the deferral of Compensation that otherwise would be paid beginning with the pay period that contains December 31, 2016, and ending with the last pay period that ends before January 1, 2018.

If you are a Board Member Participant, each year you must make your Compensation Deferral Election during the annual election period occurring in the year preceding the Plan Year for which your Compensation Deferral Election is effective. For the 2017 Plan Year, the annual election period runs from November 16, 2016, through December 16, 2016. For the 2017 Plan Year, your Compensation Deferral Election will relate to the deferral of Compensation that otherwise would be earned in the first Fiscal Year quarter beginning after December 31, 2016, and ending with the Compensation earned in the Fiscal Year quarter ending on or after January 1, 2018.

Compensation Deferral Election Timing: Special Rules for Mid-Year Eligibility

If you are newly hired, promoted, or otherwise become eligible to participate in the Plan after January 1st of a given year (including if you are a newly eligible Board Member Participant), your eligibility to participate in the Plan will be evaluated on the first day of the month following the date you meet the eligibility rules described above. You will receive an enrollment invitation notifying you of your eligibility to participate in the Plan via email from T. Rowe Price as soon as administratively feasible following such date. The enrollment invitation will contain links to the applicable Plan enrollment documents (including the Deferral Election Form). To participate in the Plan, your Deferral Election Form must be received by T. Rowe Price within thirty (30) days after the date your enrollment invitation is emailed to you, or such earlier date set forth in the enrollment invitation. You will be permitted to defer compensation with respect to the first pay period (or, if you are a Board Member Participant, the first Fiscal Year quarter) that begins following the effective date of your properly completed Deferral Election Form.

If you fail to make a Compensation Deferral election within this initial 30-day enrollment period, you may not elect to defer Compensation under the Plan until the following Plan Year. In that case, as described above, your election must be made during the annual election period occurring in the year preceding the Plan Year for which your Compensation Deferral Election is effective. If you were eligible to participate in the Plan at any time (regardless of whether you made a Deferral Election), then became ineligible to participate in the Plan (due to your employment termination) and subsequently become eligible again to participate in the Plan during a Plan Year, you cannot take advantage of the initial 30-day enrollment period rule unless at least 24 months have elapsed since the date you were last eligible to participate in the Plan. If fewer than 24 months have elapsed since the date you were last eligible to participate in the Plan, you will need to wait until the next annual election period in order to commence making deferrals into the Plan.

Your Compensation Deferral Election will not automatically continue in effect for each subsequent Plan Year. Rather, you are required to make a new election during each annual election period, effective for the following Plan Year. If you fail to make an election for a given Plan Year, you will be treated as having elected to make a Compensation Deferral Election of 0% for that Plan Year. Unless your employment terminates, you become disabled or die during a Plan Year, you cannot change or stop deferrals made in accordance with your Deferral Election. In order to increase or decrease the amount of your deferrals under your Deferral Election, you must do so during an election period.

SECTION IV: BONUS DEFERRAL ELECTIONS

If you are an employee Participant, you may elect to defer receipt of up to 90% (in increments of 1%) of any eligible Bonus to which you may be entitled for the next following “Performance Period.” For this purpose, an “eligible” Bonus is a cash award contingent upon the achievement of specific performance goals for a particular Performance Period, payable following the Performance Period. The Performance Period is generally a period of six months or longer during which you perform the services upon which the Bonus is based. The Performance Period for 2017 is
January 29, 2017, through January 27, 2018. In addition, you may elect to defer receipt of an eligible Sign-on Bonus, if applicable to you (see below for further details). A “Sign-on Bonus” is an award of cash payable within a short time following commencement of employment, as determined in accordance with the Company’s compensation policies.

Deferrals pursuant to your Bonus Deferral Election (including any Sign-on Bonus) will be credited to your Bonus Deferral Account.

Your Bonus Deferral Elections will not automatically continue in effect for each subsequent Plan Year. Rather, you are required to make a new election during each annual election period, effective for the following year. If you fail to make an election for a given Plan Year, you will be treated as having elected to make a Bonus deferral of 0%. Unless your employment terminates, you become disabled, or die during a Plan Year, you cannot change or stop deferrals made in accordance with your Deferral Election. In order to increase or decrease the amount of your deferrals under your Deferral Election, you must do so during an election period. Also, if you defer a large proportion of your bonus, your subsequent paychecks from your employer may reflect a significant deduction for FICA taxes taken from your regular pay attributable to the amount of the bonus deferred.

**Bonus Deferral Election Timing**

Your Bonus Deferral Election must be made during the annual election period occurring in the calendar year preceding the Performance Period for which your Bonus Deferral Election is effective. For the 2017 Plan Year, the annual election period runs from November 16, 2016, through December 16, 2016. Accordingly, you must make a proper Bonus Deferral Election during that period in order to defer any Bonus attributable to the Performance Period beginning January 29, 2017.

**Bonus Deferral Election Timing: Special Rules for Mid-Year Eligibility**

If you are newly hired and become eligible to participate in the Plan during a Plan Year, you will be permitted to make a Bonus Deferral Election into the Plan of up to 90% of a prorated portion of your Bonus payable in the next calendar year if you make your Bonus Deferral Election within 30 days following the date on which your enrollment invitation is emailed to you by T. Rowe Price, or such shorter period as specified in the enrollment invitation. If you do not make a Bonus Deferral Election within this 30-day period, you will have to wait until the next annual election period (for the Performance Period beginning after such election period). If you make such a Bonus Deferral Election in the first year of eligibility and after the beginning of the Performance Period, the Bonus Deferral Election will apply only to the portion of the Bonus equal to the total amount of the Bonus for the Performance Period multiplied by the ratio of the number of days remaining in the Performance Period after the effective date of the Bonus Deferral Election over the total number of days in the Performance Period. Your Bonus Deferral Election will generally be considered effective on the last day of the 30-day enrollment period.

**Example:** You first become eligible to participate in the Plan on August 1st, your enrollment invitation is emailed to you by T. Rowe Price on August 5th, and your Bonus Deferral Election is effective on September 4th. Your Bonus amount is $100,000 and you elect to defer 90% of your Bonus. The Bonus Performance Period began on February 3rd of that year and ends on January 30th of the following year. There are normally 365 days in a Performance Period, but 151 days left in your Performance Period (September 5th through January 30th) which would permit you to defer 41% of your Bonus (151 days/364 days, rounded down to the next full percentage point). Your total Bonus deferral would be $36,900 (41% x 90% x $100,000).

**Bonus Deferral Election Timing: Special Rules for Sign-on Bonus**

If you become eligible to participate due to your commencement of employment and you are eligible to receive a Sign-on Bonus in accordance with the Company’s rules and procedures, you will be permitted to defer receipt of up to 90% of your Sign-on Bonus into the Plan if you make your deferral election within 30 days following the date on which you become eligible for the Plan. If your Sign-on Bonus is revoked, rescinded, or forfeited in accordance with the Company’s rules, any amount of your Sign-on Bonus deferred into the Plan (as adjusted to account for notional investment gains and losses, as described on the next page in Section VI) will be forfeited. The Company and/or the Investment Committee may establish special rules relating to the notional investment funds in which Sign-on Bonus
deferrals may be invested. The amount you elect to defer may reduce your net take-home pay to $0 after reductions for taxes and other mandatory deductions or, in some cases, taxes and other mandatory deductions may reduce the amount you can defer into the Plan below 90%.

SECTION V: MATCHING CONTRIBUTIONS

If you satisfy the special eligibility requirements applicable to Matching Contributions (discussed under Section II), you may be entitled to receive Matching Contributions made by your Employer on your behalf. The amount of eligible Matching Contributions will be equal to your Compensation Deferrals but capped at 4% of the amount that your Compensation (earned while you are eligible to receive Matching Contributions) exceeds the compensation limit under Internal Revenue Code Section 401(a)(17) ($270,000 for 2017).

This dollar limitation will be adjusted annually to reflect certain Internal Revenue Code annual compensation limits. Matching Contributions will be credited to your Matching Contribution Account on an annual basis as soon as administratively feasible after December 31st of the Plan Year. Please note, however, that you will not be entitled to any Matching Contribution if you are not employed by an Employer on the last day of the applicable Plan Year (i.e., December 31st) unless one of the following exceptions applies: (1) you are on the Employer’s payroll as of the last day of the Plan Year pursuant to a severance pay arrangement; or (2) you retired from service from the Employer during the applicable Plan Year after attaining age 60 with five years of continuous service, as years of continuous service are calculated under the GapShare 401(k) Plan.

SECTION VI: NOTIONAL PLAN INVESTMENTS AND ACCOUNTING

The Plan allows you to have your deferral accounts credited with notional earnings or losses based on the performance of selected investment funds. These investments are referred to as “notional” because they are for recordkeeping purposes only and do not allow you to direct the actual investment of Company assets. The Investment Committee is responsible for selecting any notional Plan investments, and the Investment Committee may add or remove notional investments from the list of available funds.

The notional investment funds under the Plan are described in the Plan Highlights and the fund prospectuses which are incorporated into and form a part of this SPD. Copies of the Plan Highlights and the fund prospectuses were previously furnished to you along with this SPD. You may obtain additional copies by calling T. Rowe Price at (888) 427-4015 or the Company’s Benefits Department at (800) 333-7899, ext. 75133.

You may make an election to notionally invest your deferrals in any of the notional Investment Funds offered under the Plan. You also may elect to transfer any existing amounts in your accounts from one Investment Fund to any other Investment Fund without changing the way your future deferrals will be invested. You may elect to change the notional investment of your account balances in percentages (of at least 1% increments) or in dollar amounts. If you elect a dollar amount, a 90% limit will be enforced. Because market fluctuations may cause your maximum available amount for transfer to vary, the maximum amount may not be available if you request your investment transfer in dollar amounts. In order to prevent this, a limit of 90% of your current amount available is the maximum you may request. If you wish to transfer more than 90% of your balance, you should elect your investment transfer in percentages. Currently, no transaction fees are charged with respect to investment fund elections.

Your notional investment election will remain in effect until changed in accordance with the rules and procedures established by the Company. If you fail to make any notional investment election, your accounts will be notionally invested in the notional investment fund designated by the Company and/or the Investment Committee for such purpose. This “default fund” is currently the American Funds Balanced Fund. You can change your investment elections by calling the toll-free T. Rowe Price
line at (888) 427-4015 or by visiting the website at http://rps.troweprice.com. Investment changes requested by 4 p.m. eastern time on a business day (generally, the days the New York Stock Exchange is open) will be processed that night. Requests made after 4 p.m. eastern time or on nonbusiness days will be effective as of the close of the next business day.

Notional investment funds under the Plan are valued as of each business day the New York Stock Exchange is open for business (an “accounting date”), except as otherwise determined by the Investment Committee. You must make a proper election or change in election in accordance with rules and procedures established by the Company in order to direct the notional investment of your accounts in the available notional investment options. The Company will establish any such rules and procedures as are necessary to administer notional investment elections (including notional investment fund transfers), and such rules and procedures may apply differently to different Participants or classes of Participants, at the discretion of the Company.

T. Rowe Price offers you the option of performing an auto-rebalance of your account 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 any notional investment fund that has grown larger in proportion to your intended allocation and using the proceeds to bring your other investment options back up 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. 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.

The Company and/or the notional investment fund providers may limit, delay, or restrict the notional investment of Participant accounts in order to comply with the policies of the Company or the funds, or to limit excessive trading, including imposing restrictions on the notional investment into a particular fund and the imposition of redemption fees if exchanges out of a notional fund are requested earlier than permitted by fund or Company rules. T. Rowe Price mutual funds and common trust funds and certain non-T. Rowe Price funds restrict a Participant’s exchange into a fund for a period of 30 calendar days after the Participant has exchanged out of the same fund (the “30-Day Purchase Block”). Please note that T. Rowe Price money market funds are exempt from the 30-Day Purchase Block. In addition, T. Rowe Price reserves the right to cancel or reject without further notice any exchange that is deemed to result in excessive or short-term trading. The T. Rowe Price funds’ excessive trading policy is stated in each fund’s prospectus (or Trust Fact Sheet) which governs all trading activity in the fund or trust. The Company reserves the right to modify, substitute, discontinue, or change any of the notional investment funds offered under the Plan at any time, and to apply the rate of return of the new notional fund to the portion of your account invested in the fund after the change. The Company and the Plan make no guarantee of any investment return on any of the investment funds, nor any guarantee that any particular notional investment fund will continue to be offered under the Plan.

SECTION VII: PLAN ACCOUNTING

As noted previously, the Company will maintain the following accounts in your name for purposes of tracking your deferrals and any “notional” investment gains or losses attributed to your accounts: (1) Compensation Deferral Account; (2) Bonus Deferral Account (if applicable); and (3) Matching Contribution Account (if applicable). You will receive or have access to quarterly statements of your account(s) according to procedures established by the Company. These statements will allow you to monitor your investment elections and any change in the value of your account(s). The investment funds available under the Plan may change in the future. You will be notified if this happens. Some investment funds generate dividends or other gains that are not credited to the Plan until after the distribution of the entire account balance (referred to as “trailing dividends”), due to the administrative processes of the fund manager and/or recordkeeper. Trailing dividends of $20.00 or less (or such other amount as may be determined at the discretion of the Company) attributable to Participants who
previously received distribution of their entire account balances shall be forfeited. Please note, although the Plan allows you to have your account notionally invested as described above, no actual investments will be made in your name. Your benefits under the Plan are payable from the general assets of the Company.

SECTION VIII: REDUCTIONS TO DEFERRALS AND CONTRIBUTIONS

The Company may reduce your deferrals, if necessary, to satisfy any required employee welfare plan contributions or any Federal or state income, payroll, or other taxes required by law.

SECTION IX: DISTRIBUTION OF ACCOUNTS

Different rules apply to the distribution of your account(s), depending upon whether you terminate employment with your Employer (or, if you are a Board Member Participant, you resign or are removed from the Board) before or after you attain age 50. A termination of employment (or termination from the Board) after age 50 is referred to under the Plan as your “Retirement Date.” Please note, however, that if you are considered a “key employee” as defined in IRS regulations, your account may not be distributed to you before six months after you terminate employment. Such payment will generally be made no later than the first day of the seventh month following the month in which your employment ends. You will be notified if this delay applies to your distribution.

Different rules may apply to amounts credited to your account under the Executive Deferred Compensation Plan (the “EDCP”) attributable to contributions made prior to December 31, 2004, and attributable earnings and losses, if applicable. Contact the Company’s Benefits Department at (800) 333-7899, ext. 75133 if you have questions on the rules that apply to those amounts.

Distributions if You Terminate Employment Before You Attain Age 50
Generally speaking, if you terminate employment (or terminate from the Board) before you attain age 50, your Plan accounts (including any notional investment gains or losses) will be distributed to you (or to your Beneficiary, in the event of your death) in the form of a single lump-sum payment. Such payment will generally be made no later than the first day of the fourth month following the month in which your employment ends.

Distributions if You Terminate Employment After You Attain Age 50
If you terminate employment (or terminate from the Board) after you attain age 50, your Plan accounts (including any notional investment gains or losses) will be distributed to you (or, in the event of your death, to your Beneficiary), at your option in the form of a single lump-sum payment or in annual installments (for 5, 10, or 15 years). You must make your distribution election during the election period each year for the related compensation and/or bonus deferrals. You may make separate elections with respect to your Bonus Deferrals for each Plan Year that are different from the elections you make with respect to your Compensation Deferrals for that Plan Year. Your Matching Contributions Account will be distributed in the same manner as your Compensation Deferral Account. If you fail to make an installment election, you will be treated as having elected a lump-sum distribution for that Plan Year. Your installment election will have no effect if you terminate employment (or terminate from the Board) prior to attaining age 50.

Installment payments will generally begin on a date determined by the Company before the end of the year in which your termination of employment occurs, and then succeeding annual payments will be made (per your election) during each succeeding Plan Year.
In-Service Distributions
If you are an employee Participant, you may elect in-service distributions (that is, distributions before you terminate employment with your Employer) for Compensation and/or Bonus Deferrals if you make an election in accordance with the following requirements:

+ Your in-service distribution election is made at the time you make your Compensation and/or Bonus Deferral Election for the Plan Year;
+ Your in-service distribution election applies only to amounts deferred pursuant to that election;
+ Your in-service distribution election is irrevocable.

If your in-service distribution election satisfies those requirements, you may elect an in-service distribution date for payment of your Compensation and/or Bonus Deferrals. You may elect different in-service distribution dates for a particular year’s Compensation Deferrals and for that year’s Bonus Deferrals. Your distribution election will apply to all Compensation and/or Bonus Deferrals (plus earnings minus losses) for that Plan Year. The date that you select may not be earlier than five (5) years after the Plan Year in which the Compensation would have been paid to you absent the deferral or, in the case of Bonus Deferrals, five (5) years after the Plan Year in which the Bonus would have been paid to you absent the deferral. If you elect to defer both Compensation and Bonus during a Plan Year, your in-service distribution date may not be earlier than the later of those two dates.

If you are a Board Member Participant, you may also elect in-service distributions (i.e., distributions before your termination from the Board) of Compensation Deferrals. To do so, you must elect (in accordance with rules and procedures designated by the Company) a specific distribution date for your Compensation Deferral Account, but this date must be not less than five (5) years after the date on which the Compensation would have been paid to you absent the deferral.

You may not elect in-service distributions with respect to your Matching Contributions Account. Your Matching Contributions Account must remain in the Plan until your termination of employment.

The Company will make in-service distribution payments by the end of the elected calendar year or, if calculation of the payment due is not administratively practicable at that time, during the first calendar year such calculation is administratively practicable.

Mandatory Cash Outs of Small Amounts
If the value of your account(s) at or after the time of your termination of employment (or Board membership) or death is $18,000 or less (this amount may increase annually based on IRS indexing), your account(s) will be distributed to you (or, in the event of your death, your Beneficiary) in a single lump-sum payment. Such payment will generally be made no later than the first day of the fourth month following the month your employment ends. If you have amounts in your account attributable to contributions made to the EDCP on your behalf prior to December 31, 2004, and attributable earnings and losses, you may have special withdrawal options available on those amounts. Contact the Company’s Benefits Department at (800) 333-7899, ext. 75133 if you have questions on the rules that apply to those amounts.

SECTION X: BENEFICIARY DESIGNATION
Upon enrolling in the Plan you must designate a Beneficiary. Your Beneficiary will receive any balance in your account that was not paid to you before your death. Under the Plan, your Beneficiary can be any individual, trust, charity, or other person(s) you choose. You may change your choice of Beneficiary in accordance with rules and procedures designated by the Company. If you do not have a Beneficiary when you die, the remainder of your account will be paid to your spouse or, if there is none, to your estate or in accordance with other equitable procedures as determined by the Company.
SECTION XI: LEGAL NOTICES

Merger of the Executive Deferred Compensation Plan Into the Deferred Compensation Plan

Effective June 30, 2009, The Gap, Inc. Executive Deferred Compensation Plan was merged into the Deferred Compensation Plan. If you had a notional account balance under the EDCP, it was transferred into and became part of the Plan as of that date. Your notional investment elections with respect to your Plan account balances will also apply to your EDCP account balances on and after June 30, 2009. Special rules apply to any amounts attributable to contributions you made (or that the Company made on your behalf) to the EDCP, plus or minus earnings and losses on those contributions, on or before December 31, 2004. You may have special distribution rules and in-service withdrawal rules that apply to those amounts. Contact the Company’s Benefits Department at (800) 333-7899, ext. 75133 if you have questions on the rules that apply to those amounts.

Amendment and Termination

The Company currently intends to continue the Plan indefinitely. However, the Company has the right to alter, amend, or terminate the Plan, in whole or in part, at any time for any reason. However, without your consent, no amendment or termination will reduce the balance then credited to your Plan account. In addition, if the Plan is terminated, your account(s) will be distributed at the time and in the manner described in the Plan Document.

Interests Not Transferable

Neither you nor any other person may assign or pledge any interest you have under the Plan. For example, you may not use your deferrals as collateral for a loan and your interest in the Plan is not transferable pursuant to a qualified domestic relations order, as described below.

Domestic Relations Orders

All or a portion of any interest you have under the Plan may be paid to another person as specified in a domestic relations order that the Company, in its sole discretion, determines is qualified pursuant to the terms of the Plan.

If a domestic relations order is determined to be qualified pursuant to the terms of the Plan, the amount to which the other person is entitled under such order will be paid in a lump sum payment as soon as administratively practicable after (but in no event later than 60 days following) the later of (i) the date such determination is made, and (ii) the date specified in the domestic relations order.

In the event a lump sum payment is to be made to another person pursuant to a qualified domestic relations order, the Company has the authority to create an account under the Plan for such other person. The Company will establish rules and procedures relating to the maintenance, adjustment, and liquidation of any such account and the notional gains, losses, expenses, appreciation, and depreciation attributable thereto, as it considers necessary or advisable.

Any person who is to receive a payment from the Plan under the terms of a qualified domestic relations order will be deemed to agree to be bound by the provisions of the Plan and the determinations thereunder.

No Employment Rights

Participation in the Plan does not affect the terms and conditions of your employment, nor does it confer any right to continued employment. Employment with an Employer is on an at-will basis, which means that both you and/or your Employer can terminate your employment at any time and for any reason, with or without cause or advance notice. Changes to this at-will relationship can be made only in an agreement written expressly for that purpose and signed by an authorized officer of the Company.
SECTION XII:  TAX INFORMATION

The general U.S. federal income tax consequences of your participation in the Plan are described below. The actual income tax consequences will depend upon your individual circumstances. In addition, future changes in the tax laws may change how you are taxed. Special rules apply to Participants who are not U.S. citizens or residents. State and local tax treatment may vary. Accordingly, you are encouraged to seek the advice of a qualified tax adviser regarding your participation in the Plan.

The Plan provides employees with an unfunded, unsecured promise to pay the benefits described. As an unfunded deferred compensation plan for highly compensated employees and non-employee Board Members, the Plan is not qualified under section 401(a) of the Internal Revenue Code. However, under current federal tax laws, it is intended that your deferrals and the related notional investment returns will not be included in your gross income for federal income tax purposes until such amounts are actually paid to you.

Your deferrals are taken on a before-tax basis, and will reduce your federal taxable income. For example, if your federal taxable income would have been $275,000, but you defer $10,000 under the Plan, your federal taxable income reported to the IRS would be $265,000, not $275,000. Your deferrals and any notional investment returns on your deferrals will not be included in your federal taxable income until they are actually paid to you. State and local taxes may apply, however. Your deferrals will be subject to FICA (Social Security and Medicare) tax withholding in the year that you earn the deferrals (including Company contributions).

When your account is paid to you, the entire amount will be included in your gross income for federal income tax purposes in the year paid, and you will be taxed at ordinary income rates. When you receive a distribution from the Plan, required federal, state and local taxes will be withheld from the distribution. Distributions from the Plan cannot be “rolled over” to an Individual Retirement Account (IRA) or other tax-qualified plan.

SECTION XIII:  CLAIMS PROCEDURES

Claims for benefits under the Plan will be administered in accordance with Section 503 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and applicable Regulations and any reasonable claims procedures established by the Company. The Plan generally is not subject to the provisions of ERISA, except for the ERISA requirements regarding claims procedures, disclosure to Participants, and reporting to the Department of Labor.

If you believe you are entitled to a benefit under the Plan that you have not received, you may present a claim to the Company. Routine requests for information regarding your benefits under the Plan and other similar inquiries generally will not be considered benefit claims that require processing under ERISA. If you wish to make a claim for benefits in accordance with your rights under ERISA, you must make such a request in writing to the Company. Your claim will be reviewed within 60 days after your request (unless special circumstances require an extension of up to 60 more days). You may not sue in federal or state court to recover benefits under the plan until the appeal rights provided in the plan’s claims procedures, and described below, have been exercised and the plan benefits requested in such appeal have been denied in whole or in part.

If Your Claim Is Approved:
If your claim is approved, you will be advised. If you disagree, however, with the way your accounts were corrected (as shown on your next quarterly statement), you may ask the Company to review the corrections. Your request must be in writing and it may include any documentation that you feel will help your claim. It must name the Plan provisions that support your claim. During the 60-day period, you may study the official Plan documents with or without the help of your lawyer or other representative.
If Your Claim Is Denied:
If your claim is denied, you will receive a notice from the Company. It will be written in non-technical language, stating the reasons why the claim was denied and naming the specific Plan provisions on which the denial was based. If your claim is denied because you did not furnish complete information or documentation, the notice will indicate the additional materials needed to support your claim.

After you receive a denial notice, you will have 60 days in which to ask the Company to reconsider the denial. In reconsidering a claim denial, the Company may conduct a hearing or take any other steps it deems appropriate to ensure a full and fair review of the claim. The Company will send you a final notice explaining the reasons for the decision and the Plan provisions that support it.

After exhaustion of the Plan’s claim procedures, any further legal action taken against the Plan or its fiduciaries by you, your spouse, your Beneficiary(s), or any other claimant for benefits under the Plan must be filed in a court of law no later than 120 days after the Company’s final decision regarding the claim. No action at law or in equity shall be brought to recover benefits under this Plan until the appeal rights previously described have been exercised and the Plan benefits requested in your appeal have been denied in whole or in part. All decisions and communications regarding a claim for benefits under the Plan shall be strictly confidential.

This SPD may be updated in the future by furnishing to Participants an appendix, memorandum, notice, or replacement page containing updated information. A new SPD may not be delivered, except upon request. Accordingly, this SPD should be retained for future reference.

No person has been authorized to give any information or to make any representations in connection with the Plan, other than those contained in this SPD, and if given or made, such information or representations must not be relied upon as having been authorized by the Company. Neither the delivery of this SPD nor any distribution of securities made under the Plan will, under any circumstances, create an implication that there has been no change in the facts set forth in this SPD since the date hereof. This SPD does not constitute an offering in any state in which such offering may not lawfully be made.

SECTION XIV: PLAN ADMINISTRATION

The Plan is administered by the Company on a Plan-Year basis (the “Plan Year” is the calendar year beginning each January 1st and ending the following December 31st). If you have any questions about the Plan, please contact the recordkeeper, T. Rowe Price, at (888) 427-4015 or the Company at:

The Gap, Inc. Benefits Department
2 Folsom Street
San Francisco, CA 94105
(800) 333-7899, ext.75133

Benefits under the Plan will be paid only if the Company decides in its sole discretion that you or your Beneficiary are entitled to them. Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Company made by the Company or its delegate in good faith will be binding on all persons. A misstatement or other mistake of fact will be corrected when it becomes known and the Company shall make such adjustment on account thereof as it considers equitable and practicable.