Gap Inc.’s Global Runway

Gap Inc. is one of the world’s leading global specialty apparel retailers, offering clothing, accessories, and personal care products for men, women, children, and babies under its five brands – Gap, Banana Republic, Old Navy, Piperlime and Athleta.

Over the last five years, the company has significantly expanded the international reach of its brands through its franchise, online and company-operated channels. In 2006, Gap Inc. operated in eight countries and only sold products online in the United States. Today, products are available to customers in over 90 countries worldwide. This successful and rapid growth has largely been attributed to a successful formula for international growth. For major markets, the company typically enters with brand-building flagship stores, followed by outlet and smaller stores in outlying areas and an online expression of the brand. This model can be applied to Gap and Banana Republic, and over time, Old Navy. For other markets, the franchise model allows the company to expand successfully.

With significant advancements over the past several years in both online and franchise businesses, Gap Inc. is strongly positioned to grow its share of the $1.4 trillion global apparel market through an ambitious global growth strategy.

In 2006, 14 percent of sales came from online and International. The company expects to grow total sales outside of North America and online to about 30 percent by the end of fiscal year 2013. To accelerate global sales, the company plans to make targeted, growth investments in its European and Asian businesses as well as its franchise, outlet and online channels.
European Market

Gap Inc. launched its first company-operated international store in the UK in 1987. As of 2010 year end, the company operated 189 stores in four countries across Europe, including the United Kingdom, Ireland, France and Italy. The company expects to open its first Banana Republic flagship store in Paris in late 2011.

Asia

With over 160 company-operated stores across Asia, Gap Inc. launched its first Gap brand store in Japan in 1995 and first Banana Republic store in 2005. Today, the company operates over 150 stores in Japan and earlier this year opened a new flagship Gap store in Ginza, one of the world’s top shopping destinations. With fun, family fashion and value as key shopping drivers for the Japanese market, the company also expects to bring the first store expression of its value brand, Old Navy, to Japan in the future.

As the second largest economy and the second largest apparel market in the world, China is a major component of Gap Inc.’s global growth strategy. In 2010, the company opened its first four stores in Shanghai and Beijing, and launched a dedicated e-commerce site for its Chinese customers (www.gap.cn). Online orders have been logged from over 330 cities, covering all parts of China. To accelerate brand awareness and growth, the company has also partnered with China’s largest e-commerce leader, Taobao Mall, to reach an additional 370 million registered shoppers. Gap Inc. expects to have a fleet of about 45 stores in China by the end of fiscal year 2012, including its first Gap flagship in Hong Kong in late 2011 and additional stores in the cities of Tianjin and Hangzhou.

Franchise:

Gap Inc. launched its first franchise stores in Singapore and Malaysia in 2006. Over the past five years, the company has grown its franchise store base to over 200, and expanded from 2 to 30 countries throughout Asia, Europe, Latin America, the Middle East and Australia. In the last two years, the company opened franchise stores in over 11 new countries, including Thailand, Bulgaria, Croatia, Australia, Kazakhstan, Chile, Poland, Serbia, Egypt, Ukraine and Vietnam. The company’s franchise business experienced 48 percent revenue growth in the first half of fiscal year 2011 and expects to double its franchise store base to about 400 by the end of fiscal year 2014.

Outlet:

Gap Inc. launched its first international Outlet stores in the United Kingdom in 1996. Over the last four years, Gap Inc.’s International Outlet store base has increased over 500 percent. As part of its global growth strategy, the company will continue to grow its global outlet.

Online:

In 2009, Gap Inc. shipped to one country, the United States. As of 2011, Gap Inc. products are available to more than 90 countries through its dedicated websites and third party shipping providers.

**Quick facts**

**Financial Highlights**

- 2010 Revenue: $14.66 billion
- 2010 Earnings: $1.88 per share on a diluted basis

**2010 Net Sales by Division**

- Gap North America: $3.8 billion
- Banana Republic North America: $2.3 billion
- Old Navy North America: $5.4 billion
- International: $1.9 billion
- Gap Inc. Direct (online): $1.3 billion

**Store Count:**

- (Company-Operated, including Outlet): ~3,100
- (Franchise): ~200
- Number of Countries: 8

**Store Count by Country:**

- United States
- Canada
- United Kingdom
- Japan
- France
- Ireland
- Italy
- China
- Australia
- Bahrain
- Bulgaria
- Chile
- Croatia
- Cyprus
- Egypt
- Greece
- Indonesia
- Israel
- Jordan
- Kazakhstan
- Kuwait
- Malaysia
- Mexico
- Oman
- Philippines
- Poland
- Qatar
- Romania
- Russia
- Saudi Arabia
- Serbia
- Singapore
- South Korea
- Thailand
- Turkey
- UAE
- Ukraine
- Vietnam
Milestones

1969  Founders Don and Doris Fisher open the first Gap store in San Francisco, California.


1983  Banana Republic is acquired.

1986  First GapKids store opens in San Mateo, California.


1994  The first Old Navy store opens in Colma, California.

1995  The first Banana Republic store outside the United States opens in Edmonton, Canada.

1996  Gap Inc. launches its first international Outlet stores in the United Kingdom.


1999  BananaRepublic.com launches.

2000  Gap launches GapMaternity.

2005  The first Banana Republic store in Japan opens in Printemps Ginza, Tokyo.

2006  The first Gap franchise store opens in Singapore, followed by Gap franchise stores in Malaysia. Piperlime launches.

2007  Gap franchise stores open in 10 new countries: Bahrain, Indonesia, Kuwait, Korea, Oman, the Philippines, Qatar, Turkey, Saudi Arabia and United Arab Emirates.

2008  Gap Inc. acquires Athleta.

2009  Gap Inc. celebrates its 40th anniversary.

2010  Gap Inc. opens first Gap stores in China and Italy and first Banana Republic store in Italy.

2011  Gap franchise stores open in Kazakhstan, Serbia, Ukraine, Poland, Chile, Vietnam and Egypt.

Last updated: November 17, 2011
Forward-Looking Statements

This document contains forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Words such as “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “project,” and similar expressions also identify forward-looking statements. Forward-looking statements include statements regarding the following: international growth, strategy and store openings; international franchise, online and outlet growth; future online and international revenue mix, and online net sales by 2014.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause the company’s actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, the following: the risk that changes in general economic conditions or consumer spending patterns will have a negative impact on the company’s strategies, the highly competitive nature of the company’s business internationally, the risk that the company will be unsuccessful in gauging fashion trends and changing consumer preferences; the risk that the company's efforts to expand internationally may not be successful and could impair the value of its brands; the risk that the impacts of the March 2011 earthquake, tsunami and nuclear crisis in Japan, including damage to stores and infrastructure, and reduced consumer spending, will have adverse effects on the company’s business and strategies; the risk that the company’s franchisees will be unable to successfully open, operate, and grow the company’s franchised stores; the risk that the company will be unsuccessful in identifying, negotiating, and securing new store locations effectively; the risk that the company will be unsuccessful in implementing its strategic, operating and people initiatives; the risk that changes in the company’s credit profile or deterioration in market conditions may limit its access to the capital markets; the risk that updates or changes to the company’s information technology (“IT”) systems may disrupt its operations; the risk that acts or omissions by the company’s third-party vendors, including a failure to comply with the company’s code of vendor conduct, could have a negative impact on its reputation or operations; the risk that the company will not be successful in defending various proceedings, lawsuits, disputes, claims, and audits; and the risk that changes in the regulatory or administrative landscape could adversely affect the company’s financial condition and results of operations. Any of these risks could impact net sales, expenses, and/or planned strategies.

Additional information regarding factors that could cause results to differ can be found in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2011.

These forward-looking statements are based on information as of November 2011. The company assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.