

Gap Inc.

Quarterly Financial Summary  
Q4 2018

# Gap Inc.

## Gap Inc. Quarterly Financial Summary Q4 2018

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Notes to Quarterly Financial Summary:

- All dollar, share, and square footage amounts are shown in millions, with the exception of per share, per square footage, and store count.
- Our fiscal year is a 52- or 53- week period ending on the Saturday closest to January 31. Fiscal 2017 consisted of 53 weeks.

# Gap Inc.

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Gap Inc.  
Quarterly Financial Summary  
Section I: Condensed Consolidated Statements of Income

|   | Fiscal Year (number of weeks) |           |           |           | Fiscal Year 2017 (53) |          |          |          |           | Fiscal Year 2018 (52) |          |          |          |           |
|---|-------------------------------|-----------|-----------|-----------|-----------------------|----------|----------|----------|-----------|-----------------------|----------|----------|----------|-----------|
|   | 2013 (52)                     | 2014 (52) | 2015 (52) | 2016 (52) | Q1 (13)               | Q2 (13)  | Q3 (13)  | Q4 (14)  | Full Year | Q1 (13)               | Q2 (13)  | Q3 (13)  | Q4 (13)  | Full Year |
| Net sales                                   | \$ 16,148                     | \$ 16,435 | \$ 15,797 | \$ 15,516 | \$ 3,440              | \$ 3,799 | \$ 3,838 | \$ 4,778 | \$ 15,855 | \$ 3,783              | \$ 4,085 | \$ 4,089 | \$ 4,623 | \$ 16,580 |
| Cost of goods sold and occupancy expenses   | 9,855                         | 10,146    | 10,077    | 9,876     | 2,137                 | 2,320    | 2,313    | 3,019    | 9,789     | 2,356                 | 2,458    | 2,466    | 2,978    | 10,258    |
| Gross profit                                | 6,293                         | 6,289     | 5,720     | 5,640     | 1,303                 | 1,479    | 1,525    | 1,759    | 6,066     | 1,427                 | 1,627    | 1,623    | 1,645    | 6,322     |
| Operating expenses                          | 4,144                         | 4,206     | 4,196     | 4,449     | 1,049                 | 1,028    | 1,147    | 1,363    | 4,587     | 1,198                 | 1,229    | 1,260    | 1,273    | 4,960     |
| Operating income                            | 2,149                         | 2,083     | 1,524     | 1,191     | 254                   | 451      | 378      | 396      | 1,479     | 229                   | 398      | 363      | 372      | 1,362     |
| Interest expense                            | 61                            | 75        | 59        | 75        | 19                    | 16       | 18       | 21       | 74        | 16                    | 17       | 21       | 19       | 73        |
| Interest income                             | (5)                           | (5)       | (6)       | (8)       | (3)                   | (4)      | (4)      | (8)      | (19)      | (6)                   | (7)      | (8)      | (12)     | (33)      |
| Income before income taxes                  | 2,093                         | 2,013     | 1,471     | 1,124     | 238                   | 439      | 364      | 383      | 1,424     | 219                   | 388      | 350      | 365      | 1,322     |
| Income taxes                                | 813                           | 751       | 551       | 448       | 95                    | 168      | 135      | 178      | 576       | 55                    | 91       | 84       | 89       | 319       |
| Net Income                                  | \$ 1,280                      | \$ 1,262  | \$ 920    | \$ 676    | \$ 143                | \$ 271   | \$ 229   | \$ 205   | \$ 848    | \$ 164                | \$ 297   | \$ 266   | \$ 276   | \$ 1,003  |
| Weighted-average number of shares - basic   | 461                           | 435       | 411       | 399       | 399                   | 395      | 391      | 389      | 393       | 389                   | 387      | 384      | 381      | 385       |
| Weighted-average number of shares - diluted | 467                           | 440       | 413       | 400       | 400                   | 396      | 393      | 393      | 396       | 393                   | 390      | 387      | 383      | 388       |
| Basic earnings per share <sup>(1)</sup>     | \$ 2.78                       | \$ 2.90   | \$ 2.24   | \$ 1.69   | \$ 0.36               | \$ 0.69  | \$ 0.59  | \$ 0.53  | \$ 2.16   | \$ 0.42               | \$ 0.77  | \$ 0.69  | \$ 0.72  | \$ 2.61   |
| Diluted earnings per share <sup>(1)</sup>   | \$ 2.74                       | \$ 2.87   | \$ 2.23   | \$ 1.69   | \$ 0.36               | \$ 0.68  | \$ 0.58  | \$ 0.52  | \$ 2.14   | \$ 0.42               | \$ 0.76  | \$ 0.69  | \$ 0.72  | \$ 2.59   |
| Gross margin (% of sales)                   | 39.0%                         | 38.3%     | 36.2%     | 36.3%     | 37.9%                 | 38.9%    | 39.7%    | 36.8%    | 38.3%     | 37.7%                 | 39.8%    | 39.7%    | 35.6%    | 38.1%     |
| Operating expenses (% of sales)             | 25.7%                         | 25.6%     | 26.6%     | 28.7%     | 30.5%                 | 27.1%    | 29.9%    | 28.5%    | 28.9%     | 31.7%                 | 30.1%    | 30.8%    | 27.5%    | 29.9%     |
| Operating income (% of sales)               | 13.3%                         | 12.7%     | 9.6%      | 7.7%      | 7.4%                  | 11.9%    | 9.8%     | 8.3%     | 9.3%      | 6.1%                  | 9.7%     | 8.9%     | 8.0%     | 8.2%      |

(1) Earnings per share are computed individually for each of the periods presented; therefore, the sum of the earnings per share amounts for the quarters may not equal the total for the years.

Gap Inc.  
 Quarterly Financial Summary  
 Section II: Condensed Consolidated Balance Sheets

|  | Year End Balance |          |          |          | Fiscal Year 2017 |          |          |          | Fiscal Year 2018 |          |          |          |
|--|------------------|----------|----------|----------|------------------|----------|----------|----------|------------------|----------|----------|----------|
|  | 2013             | 2014     | 2015     | 2016     | Q1               | Q2       | Q3       | Q4       | Q1               | Q2       | Q3       | Q4       |
| <b>Assets</b>                                    |                  |          |          |          |                  |          |          |          |                  |          |          |          |
| Cash and cash equivalents                        | \$ 1,510         | \$ 1,515 | \$ 1,370 | \$ 1,783 | \$ 1,583         | \$ 1,609 | \$ 1,353 | \$ 1,783 | \$ 1,210         | \$ 1,322 | \$ 958   | \$ 1,081 |
| Short-term investments                           | -                | -        | -        | -        | -                | -        | -        | -        | 164              | \$ 286   | \$ 296   | \$ 288   |
| Merchandise inventory                            | 1,928            | 1,889    | 1,873    | 1,830    | 1,961            | 2,051    | 2,476    | 1,997    | 2,035            | 2,202    | 2,668    | 2,131    |
| Other current assets                             | 992              | 913      | 742      | 702      | 575              | 598      | 654      | 788      | 778              | 780      | 792      | 751      |
| Total current assets.....                        | 4,430            | 4,317    | 3,985    | 4,315    | 4,119            | 4,258    | 4,483    | 4,568    | 4,187            | 4,590    | 4,714    | 4,251    |
| Property and equipment, net                      | 2,758            | 2,773    | 2,850    | 2,616    | 2,605            | 2,643    | 2,686    | 2,805    | 2,791            | 2,832    | 2,887    | 2,912    |
| Other long-term assets                           | 661              | 600      | 638      | 679      | 687              | 716      | 726      | 616      | 607              | 588      | 572      | 886      |
| Total assets.....                                | \$ 7,849         | \$ 7,690 | \$ 7,473 | \$ 7,610 | \$ 7,411         | \$ 7,617 | \$ 7,895 | \$ 7,989 | \$ 7,585         | \$ 8,010 | \$ 8,173 | \$ 8,049 |
| <b>Liabilities and stockholders' equity</b>      |                  |          |          |          |                  |          |          |          |                  |          |          |          |
| Current maturities of debt                       | \$ 25            | \$ 21    | \$ 421   | \$ 65    | \$ 67            | \$ -     | \$ -     | \$ -     | \$ -             | \$ -     | \$ -     | \$ -     |
| Accounts payable                                 | 1,242            | 1,173    | 1,112    | 1,243    | 1,119            | 1,230    | 1,330    | 1,181    | 1,072            | 1,297    | 1,299    | 1,126    |
| Accrued expenses and other current liabilities   | 1,142            | 1,020    | 979      | 1,113    | 1,088            | 1,062    | 1,132    | 1,270    | 975              | 1,026    | 1,070    | 1,024    |
| Income taxes payable                             | 36               | 20       | 23       | 32       | 28               | 107      | 134      | 10       | 11               | 18       | 24       | 24       |
| Total current liabilities.....                   | 2,445            | 2,234    | 2,535    | 2,453    | 2,302            | 2,399    | 2,596    | 2,461    | 2,058            | 2,341    | 2,393    | 2,174    |
| Long-term debt                                   | 1,369            | 1,332    | 1,310    | 1,248    | 1,248            | 1,248    | 1,248    | 1,249    | 1,249            | 1,249    | 1,249    | 1,249    |
| Lease incentives and other long-term liabilities | 973              | 1,141    | 1,083    | 1,005    | 999              | 1,025    | 1,027    | 1,135    | 1,081            | 1,080    | 1,091    | 1,073    |
| Total long-term liabilities.....                 | 2,342            | 2,473    | 2,393    | 2,253    | 2,247            | 2,273    | 2,275    | 2,384    | 2,330            | 2,329    | 2,340    | 2,322    |
| Common stock                                     | 55               | 21       | 20       | 20       | 20               | 20       | 19       | 19       | 19               | 19       | 19       | 19       |
| Additional paid-in capital                       | 2,899            | -        | -        | 81       | -                | -        | -        | 8        | -                | -        | -        | -        |
| Retained earnings                                | 14,218           | 2,797    | 2,440    | 2,749    | 2,796            | 2,902    | 2,965    | 3,081    | 3,127            | 3,268    | 3,368    | 3,481    |
| Accumulated other comprehensive income           | 135              | 165      | 85       | 54       | 46               | 23       | 40       | 36       | 51               | 53       | 53       | 53       |
| Treasury stock, at cost                          | (14,245)         | -        | -        | -        | -                | -        | -        | -        | -                | -        | -        | -        |
| Total stockholders' equity.....                  | 3,062            | 2,983    | 2,545    | 2,904    | 2,862            | 2,945    | 3,024    | 3,144    | 3,197            | 3,340    | 3,440    | 3,553    |
| Total liabilities and stockholders' equity.....  | \$ 7,849         | \$ 7,690 | \$ 7,473 | \$ 7,610 | \$ 7,411         | \$ 7,617 | \$ 7,895 | \$ 7,989 | \$ 7,585         | \$ 8,010 | \$ 8,173 | \$ 8,049 |

Gap Inc.  
Quarterly Financial Summary  
Section III: Condensed Consolidated Statements of Cash Flows

|  | Fiscal Year (number of weeks) |           |           |                          | Fiscal Year 2017 (53) <sup>(4)</sup> |         |          |         |           | Fiscal Year 2018 (52) |         |          |         |           |
|--|-------------------------------|-----------|-----------|--------------------------|--------------------------------------|---------|----------|---------|-----------|-----------------------|---------|----------|---------|-----------|
|  | 2013 (52)                     | 2014 (52) | 2015 (52) | 2016 (52) <sup>(4)</sup> | Q1 (13)                              | Q2 (13) | Q3 (13)  | Q4 (14) | Full Year | Q1 (13)               | Q2 (13) | Q3 (13)  | Q4 (13) | Full Year |
| Cash flows from operating activities:  |                               |           |           |                          |                                      |         |          |         |           |                       |         |          |         |           |
| Net income   | \$ 1,280                      | \$ 1,262  | \$ 920    | \$ 676                   | \$ 143                               | \$ 271  | \$ 229   | \$ 205  | \$ 848    | \$ 164                | \$ 297  | \$ 266   | \$ 276  | \$ 1,003  |
| Depreciation and amortization <sup>(1)</sup>   | 470                           | 500       | 527       | 531                      | 123                                  | 126     | 123      | 127     | 499       | 126                   | 125     | 129      | 137     | 517       |
| Change in merchandise inventory  | (193)                         | (9)       | (6)       | 46                       | (133)                                | (70)    | (433)    | 494     | (142)     | (46)                  | (178)   | (472)    | 542     | (154)     |
| Other, net   | 148                           | 376       | 153       | 466                      | (42)                                 | 68      | 195      | (46)    | 175       | (310)                 | 368     | 98       | (141)   | 15        |
| Net cash provided by (used for) operating activities.....  | 1,705                         | 2,129     | 1,594     | 1,719                    | 91                                   | 395     | 114      | 780     | 1,380     | (66)                  | 612     | 21       | 814     | 1,381     |
| Cash flows from investing activities:  |                               |           |           |                          |                                      |         |          |         |           |                       |         |          |         |           |
| Purchases of property and equipment  | (670)                         | (714)     | (726)     | (524)                    | (110)                                | (165)   | (188)    | (268)   | (731)     | (138)                 | (188)   | (184)    | (195)   | (705)     |
| Proceeds from sale of property and equipment   | -                             | 121       | -         | -                        | -                                    | -       | -        | -       | -         | -                     | -       | -        | -       | -         |
| Purchases of short-term investments  | -                             | -         | -         | -                        | -                                    | -       | -        | -       | -         | (167)                 | (155)   | (86)     | (56)    | (464)     |
| Sales and maturities of short-term investments   | 50                            | -         | -         | -                        | -                                    | -       | -        | -       | -         | 3                     | 33      | 76       | 65      | 177       |
| Insurance proceeds related to loss on property and equipment                                     | -                             | -         | -         | -                        | 14                                   | 45      | 1        | 6       | 66        | -                     | -       | -        | -       | -         |
| Other  | (4)                           | (3)       | (4)       | (5)                      | -                                    | -       | -        | (1)     | (1)       | (7)                   | 1       | (1)      | (2)     | (9)       |
| Net cash used for investing activities.....  | (624)                         | (596)     | (730)     | (529)                    | (96)                                 | (120)   | (187)    | (263)   | (666)     | (309)                 | (309)   | (195)    | (188)   | (1,001)   |
| Cash flows from financing activities:  |                               |           |           |                          |                                      |         |          |         |           |                       |         |          |         |           |
| Proceeds from issuance of short-term debt  | -                             | -         | 400       | -                        | -                                    | -       | -        | -       | -         | -                     | -       | -        | -       | -         |
| Payments of short-term debt  | -                             | -         | -         | (400)                    | -                                    | (67)    | -        | -       | (67)      | -                     | -       | -        | -       | -         |
| Proceeds from issuance of long-term debt   | 144                           | -         | -         | -                        | -                                    | -       | -        | -       | -         | -                     | -       | -        | -       | -         |
| Payments of long-term debt   | -                             | (21)      | (21)      | (21)                     | -                                    | -       | -        | -       | -         | -                     | -       | -        | -       | -         |
| Issuances under share-based compensation plans <sup>(2)</sup>                                    | 97                            | 38        | 65        | 29                       | 8                                    | 6       | 9        | 7       | 30        | 20                    | 13      | 7        | 6       | 46        |
| Withholding tax payments related to vesting of stock units <sup>(2)</sup>                        | -                             | -         | (69)      | (19)                     | (13)                                 | (1)     | (1)      | (3)     | (18)      | (19)                  | (1)     | (2)      | (1)     | (23)      |
| Repurchases of common stock  | (979)                         | (1,179)   | (1,015)   | -                        | (96)                                 | (104)   | (100)    | (15)    | (315)     | (100)                 | (100)   | (100)    | (98)    | (398)     |
| Excess tax benefit from exercise of stock options and vesting of stock units                     | 56                            | 38        | 28        | 1                        | -                                    | -       | -        | -       | -         | -                     | -       | -        | -       | -         |
| Cash dividends paid  | (321)                         | (383)     | (377)     | (367)                    | (92)                                 | (90)    | (90)     | (89)    | (361)     | (94)                  | (94)    | (93)     | (92)    | (373)     |
| Other  | (1)                           | -         | (1)       | -                        | -                                    | -       | -        | -       | -         | -                     | (1)     | -        | -       | (1)       |
| Net cash used for financing activities.....  | (1,004)                       | (1,507)   | (990)     | (777)                    | (193)                                | (256)   | (182)    | (100)   | (731)     | (193)                 | (183)   | (188)    | (185)   | (749)     |
| Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash..... | (27)                          | (21)      | (19)      | -                        | 1                                    | 7       | (1)      | 12      | 19        | (2)                   | (9)     | (2)      | 3       | (10)      |
| Net increase (decrease) in cash, cash equivalents, and restricted cash <sup>(5)</sup> .....      | \$ 50                         | \$ 5      | \$ (145)  | \$ 413                   | \$ (197)                             | \$ 26   | \$ (256) | \$ 429  | \$ 2      | \$ (570)              | \$ 111  | \$ (364) | \$ 444  | \$ (379)  |
| Net cash provided by (used for) operating activities   |                               |           |           |                          |                                      |         |          |         |           |                       |         |          |         |           |
| Less: purchases of property and equipment  | (670)                         | (714)     | (726)     | (524)                    | (110)                                | (165)   | (188)    | (268)   | (731)     | (138)                 | (188)   | (184)    | (195)   | (705)     |
| Add: insurance proceeds related to loss on property and equipment                                | -                             | -         | -         | -                        | 14                                   | 45      | 1        | 6       | 66        | -                     | -       | -        | -       | -         |
| Free cash flow <sup>(3)</sup> .....  | \$ 1,035                      | \$ 1,415  | \$ 868    | \$ 1,195                 | \$ (5)                               | \$ 275  | \$ (73)  | \$ 518  | \$ 715    | \$ (204)              | \$ 424  | \$ (163) | \$ 619  | \$ 676    |

(1) Depreciation and amortization is net of the amortization of lease incentives.

(2) Beginning in fourth quarter of fiscal year 2015, Issuances under share-based compensation plans are reported gross from Withholding tax payments related to vesting of stock units in the Condensed Consolidated Statements of Cash Flows.

(3) Free cash flow is a non-GAAP financial measure. We believe free cash flow is an important metric because it represents a measure of how much cash a company has available for discretionary and non-discretionary items after the deduction of capital expenditures, as we require regular capital expenditures to build and maintain stores and purchase new equipment to improve our business. We use this metric internally, as we believe our sustained ability to generate free cash flow is an important driver of value creation. However, this non-GAAP financial measure is not intended to supersede or replace our GAAP results. Free cash flow for fiscal 2017 is further adjusted for insurance proceeds related to loss on property and equipment, as our cash used for purchases of property and equipment in fiscal 2017 includes certain capital expenditures primarily related to the rebuilding of the Company-owned distribution center in Fishkill, New York, which was impacted by the fire on August 29, 2016.

(4) Fiscal years 2017 and 2016 reflect the retrospective adoption of ASU No. 2016-18 as of the first quarter of fiscal year 2018.

(5) Includes restricted cash beginning in fiscal year 2016.

Gap Inc.  
Quarterly Financial Summary  
Section IV: Selected Metrics

|  | Fiscal Year (number of weeks) |           |           |           | Fiscal Year 2017 (53) |          |          |          |           | Fiscal Year 2018 (52) |          |          |          |           |
|--|-------------------------------|-----------|-----------|-----------|-----------------------|----------|----------|----------|-----------|-----------------------|----------|----------|----------|-----------|
|  | 2013 (52)                     | 2014 (52) | 2015 (52) | 2016 (52) | Q1 (13)               | Q2 (13)  | Q3 (13)  | Q4 (14)  | Full Year | Q1 (13)               | Q2 (13)  | Q3 (13)  | Q4 (13)  | Full Year |
| Rent expenses <sup>(1)</sup>                           | \$ 1,279                      | \$ 1,319  | \$ 1,313  | \$ 1,311  | \$ 322                | \$ 324   | \$ 326   | \$ 328   | \$ 1,300  | \$ 328                | \$ 324   | \$ 326   | \$ 322   | \$ 1,300  |
| Dividends per share                                    | \$ 0.70                       | \$ 0.88   | \$ 0.92   | \$ 0.92   | \$ 0.23               | \$ 0.23  | \$ 0.23  | \$ 0.23  | \$ 0.92   | \$ 0.24               | \$ 0.24  | \$ 0.24  | \$ 0.24  | \$ 0.97   |
| Square footage   | 37.2                          | 38.1      | 37.9      | 36.7      | 36.5                  | 36.5     | 36.6     | 36.4     | 36.4      | 36.5                  | 36.6     | 36.9     | 36.7     | 36.7      |
| Square footage - growth/decline <sup>(2)</sup>         | 0.8%                          | 2.4%      | -0.5%     | -3.2%     | -3.4%                 | -3.4%    | -2.9%    | -0.8%    | -0.8%     | 0.0%                  | 0.3%     | 0.8%     | 0.8%     | 0.8%      |
| Sales per average square foot <sup>(3)</sup>           | \$ 365                        | \$ 361    | \$ 337    | \$ 334    | \$ 74                 | \$ 85    | \$ 82    | \$ 98    | \$ 340    | \$ 79                 | \$ 90    | \$ 83    | \$ 90    | \$ 341    |
| Number of company-operated store locations             | 3,164                         | 3,280     | 3,275     | 3,200     | 3,186                 | 3,179    | 3,193    | 3,165    | 3,165     | 3,171                 | 3,187    | 3,218    | 3,194    | 3,194     |
| Number of franchise store locations                    | 375                           | 429       | 446       | 459       | 466                   | 463      | 446      | 429      | 429       | 446                   | 439      | 470      | 472      | 472       |
| Number of total store locations                        | 3,539                         | 3,709     | 3,721     | 3,659     | 3,652                 | 3,642    | 3,639    | 3,594    | 3,594     | 3,617                 | 3,626    | 3,688    | 3,666    | 3,666     |
| Total store openings <sup>(4)</sup>                    | 262                           | 283       | 808       | 155       | 24                    | 22       | 50       | 56       | 152       | 62                    | 45       | 86       | 60       | 253       |
| Total store closings <sup>(4)</sup>                    | 130                           | 113       | 393       | 217       | 31                    | 32       | 53       | 101      | 217       | 39                    | 36       | 24       | 82       | 181       |
| Working capital  | \$ 1,985                      | \$ 2,083  | \$ 1,450  | \$ 1,862  | \$ 1,817              | \$ 1,859 | \$ 1,887 | \$ 2,107 | \$ 2,107  | \$ 2,129              | \$ 2,249 | \$ 2,321 | \$ 2,077 | \$ 2,077  |
| Current ratio  | 1.81                          | 1.93      | 1.57      | 1.76      | 1.79                  | 1.77     | 1.73     | 1.86     | 1.86      | 2.03                  | 1.96     | 1.97     | 1.96     | 1.96      |
| Long-term debt to equity ratio                         | 0.45                          | 0.45      | 0.51      | 0.43      | 0.44                  | 0.42     | 0.41     | 0.40     | 0.40      | 0.39                  | 0.37     | 0.36     | 0.35     | 0.35      |
| Shares outstanding                                     | 446                           | 421       | 397       | 399       | 396                   | 392      | 389      | 389      | 389       | 387                   | 385      | 382      | 378      | 378       |
| Shares repurchased                                     | 26                            | 30        | 30        | -         | 4                     | 5        | 4        | -        | 13        | 3                     | 3        | 4        | 4        | 14        |
| Average acquisition cost per share                     | \$ 38                         | \$ 39     | \$ 34     | n/a       | \$ 24                 | \$ 22    | \$ 27    | \$ 30    | \$ 24     | \$ 31                 | \$ 31    | \$ 28    | \$ 26    | \$ 29     |
| Inventory  | \$ 1,928                      | \$ 1,889  | \$ 1,873  | \$ 1,830  | \$ 1,961              | \$ 2,051 | \$ 2,476 | \$ 1,997 | \$ 1,997  | \$ 2,035              | \$ 2,202 | \$ 2,668 | \$ 2,131 | \$ 2,131  |
| Inventory per store - increase/decrease <sup>(5)</sup> | 7%                            | -6%       | 0%        | n/a       | n/a                   | n/a      | n/a      | n/a      | n/a       | n/a                   | n/a      | n/a      | n/a      | n/a       |
| Inventory - increase/decrease <sup>(6)</sup>           |                               |           |           | -2%       | 0%                    | 5%       | 3%       | 9%       | 9%        | 4%                    | 7%       | 8%       | 7%       | 7%        |
| Return on equity <sup>(7)</sup>                        | 43.0                          | 41.8      | 33.3      | 24.8      |                       |          |          |          | 28.0      |                       |          |          |          | 30.0      |
| Return on average assets <sup>(8)</sup>                | 16.7                          | 16.2      | 12.1      | 9.0       |                       |          |          |          | 10.9      |                       |          |          |          | 12.5      |

(1) Includes rent expense for Stores, Field, and Headquarters, and lease incentive amortization, net of sublease income.

(2) Represents year over year % change.

(3) Excludes net sales associated with our online and Franchise businesses.

(4) Includes Franchise.

(5) Excludes inventory for online and Franchise, and Piperlime, Athleta, and Intermix stores.

(6) Beginning in Q1 2016, total inventory guidance replaced the inventory per store metric.

(7) Calculation: net income / average annual total stockholders' equity (2-point average).

(8) Calculation: net income / average annual total assets (2-point average).