UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 3, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number 1-7562

THE GAP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-1697231**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Two Folsom Street
San Francisco, California 94105
(Address of principal executive offices and zip code)

Registrant’s telephone number, including area code: **(415) 427-0100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.05 par value	**GAP**	**The New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐
			Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of the registrant’s common stock outstanding as of August 23, 2024 was 376,316,912.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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, but are not limited to, statements regarding the following:

- the potential impact of global economic conditions on the assumptions and estimates used when preparing the Condensed Consolidated Financial Statements;
- the impact of recent accounting pronouncements;
- the timing of revenue recognition of upfront payments related to our credit card program agreement;
- the timing of recognition in income of unrealized gains and losses from designated cash flow hedges;
- the impact of losses due to indemnification obligations on the Condensed Consolidated Financial Statements;
- the outcome of proceedings, lawsuits, disputes, and claims, including the impact of such actions on the Condensed Consolidated Financial Statements and our financial results;
- meeting the closing conditions to transfer the Gap Taiwan operations;
- our arrangements with third parties to operate stores and websites selling apparel and related products under our brand names;
- maintaining and building upon financial and operational rigor, through an optimized cost structure and disciplined inventory management;
- reinvigorating our brands to drive relevance and an engaging omni-channel experience;
- strengthening and evolving our operating platform with a digital-first mindset to drive scale and efficiency;
- energizing our culture by attracting and retaining strong talent;
- continuing to integrate social and environmental sustainability into business practices to support long-term growth;
- the expected impact of the Pillar Two rules on our fiscal 2024 effective tax rate and ongoing monitoring of related legislative action;
- our ability to supplement near-term liquidity, if necessary, with our ABL Facility or other available market instruments;
- the impact of the seasonality of our operations on certain cash inflows and outflows;
- the ability of our cash flows from our operations, current balances of cash, cash equivalents, and short-term investments, the Senior Notes and the ABL Facility, and other available market instruments to support our business operations and liquidity requirements;
- the importance of our sustained ability to generate free cash flow, which is a non-GAAP financial measure and is defined and discussed in more detail in Part 1, Item 2 of this Form 10-Q below;
- our dividend policy, including the potential timing and amounts of future dividends; and
- the impact of changes in internal control over financial reporting.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, the following risks, any of which could have an adverse effect on our business, financial condition, results of operations, or reputation:

- the overall global economic and geopolitical environment, including the ongoing Russia-Ukraine and Israel-Hamas conflicts and upcoming elections in the United States, and impacts on consumer spending patterns;
- social and political unrest in our sourcing countries, including Bangladesh, and disruptions to global trade and shipping capacity, including in the Red Sea;
- the highly competitive nature of our business in the United States and internationally;
- the risk that we fail to maintain, enhance, and protect our brand image and reputation;
- the risk that we or our franchisees may be unsuccessful in gauging apparel trends and changing consumer preferences or responding with sufficient lead time;
- the risk that we may be unable to manage our inventory effectively and the resulting impact on our gross margins and sales;
- the risk of loss or theft of assets, including inventory shortage;
- the risk that we fail to manage key executive succession and retention or continue to attract qualified personnel;

- reductions in income and cash flow from our credit card arrangement related to our private label and co-branded credit cards;
- the risk that trade matters could increase the cost or reduce the supply of apparel available to us;
- the risks to our business, including our costs and global supply chain, associated with global sourcing and manufacturing;
- the risks to our reputation or operations associated with importing merchandise from foreign countries, including failure of our vendors to adhere to our Code of Vendor Conduct;
- the risk that our investments in customer, digital, and omni-channel shopping initiatives may not deliver the results we anticipate;
- the risk that we or our franchisees may be unsuccessful in identifying, negotiating, and securing new store locations and renewing, modifying, or terminating leases for existing store locations effectively;
- evolving regulations and expectations with respect to ESG matters, including climate reporting;
- engaging in or seeking to engage in strategic transactions that are subject to various risks and uncertainties;
- the risk that changes in our business strategy or restructuring our operations may not generate the intended benefits or projected cost savings;
- the risk that our efforts to expand internationally may not be successful;
- the risk that our franchisees and licensees could impair the value of our brands;
- the risk that our comparable sales and margins may experience fluctuations, that we may fail to meet financial market expectations, or that the seasonality of our business may experience fluctuations;
- the risk of data or other security breaches or vulnerabilities that may result in increased costs, violations of law, significant legal and financial exposure, and a loss of confidence in our security measures;
- the risk that failures of, or updates or changes to, our IT systems may disrupt our operations;
- the risk of foreign currency exchange rate fluctuations;
- the risk that our level of indebtedness may impact our ability to operate and expand our business;
- the risk that we and our subsidiaries may be unable to meet our obligations under our indebtedness agreements;
- the risk that changes in our credit profile or deterioration in market conditions may limit our access to the capital markets;
- the adverse effects of climate change on our operations and those of our franchisees, vendors, and other business partners;
- natural disasters, public health crises (such as pandemics and epidemics), political crises (such as the ongoing Russia-Ukraine and Israel-Hamas conflicts), negative global climate patterns, or other catastrophic events;
- our failure to comply with applicable laws and regulations and changes in the regulatory or administrative landscape;
- the risk that we will not be successful in defending various proceedings, lawsuits, disputes, and claims;
- the risk that our estimates and assumptions used when preparing the Condensed Consolidated Financial Statements are inaccurate or may change;
- the risk that changes in the geographic mix and level of income or losses, the expected or actual outcome of audits, changes in deferred tax valuation allowances, and new legislation could impact our effective tax rate, or that we may be required to pay amounts in excess of established tax liabilities;
- the risk that changes in our business structure, our performance or our industry could result in reductions in our pre-tax income or utilization of existing tax carryforwards in future periods, and require additional deferred tax valuation allowances; and
- the risk that the adoption of new accounting pronouncements will impact future results.

Additional information regarding factors that could cause results to differ can be found in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 and our other filings with the U.S. Securities and Exchange Commission.

Future economic and industry trends that could potentially impact net sales and profitability are difficult to predict. These forward-looking statements are based on information as of August 30, 2024. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

We suggest that this document be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

THE GAP, INC.
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

THE GAP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

($ and shares in millions except par value)	August 3, 2024	February 3, 2024	July 29, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,900	$ 1,873	$ 1,350
Short-term investments	246	—	—
Merchandise inventory	2,107	1,995	2,226
Other current assets	556	527	663
Total current assets	4,809	4,395	4,239
Property and equipment, net of accumulated depreciation of $4,926, $4,874, and $4,841	2,525	2,566	2,595
Operating lease assets	3,185	3,115	3,113
Other long-term assets	990	968	903
Total assets	$ 11,509	$ 11,044	$ 10,850
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 1,522	$ 1,349	$ 1,406
Accrued expenses and other current liabilities	1,029	1,108	1,007
Current portion of operating lease liabilities	613	600	578
Income taxes payable	60	39	16
Total current liabilities	3,224	3,096	3,007
Long-term liabilities:			
Revolving credit facility	—	—	150
Long-term debt	1,489	1,488	1,487
Long-term operating lease liabilities	3,357	3,353	3,433
Other long-term liabilities	538	512	510
Total long-term liabilities	5,384	5,353	5,580
Commitments and contingencies (see Note 9)			
Stockholders' equity:			
Common stock $0.05 par value			
Authorized 2,300 shares for all periods presented; Issued and Outstanding 376, 372, and 369 shares	19	19	18
Additional paid-in capital	159	113	73
Retained earnings	2,672	2,420	2,128
Accumulated other comprehensive income	51	43	44
Total stockholders' equity	2,901	2,595	2,263
Total liabilities and stockholders' equity	$ 11,509	$ 11,044	$ 10,850

See Accompanying Notes to Condensed Consolidated Financial Statements

THE GAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

($ and shares in millions except per share amounts)	13 Weeks Ended August 3, 2024	13 Weeks Ended July 29, 2023	26 Weeks Ended August 3, 2024	26 Weeks Ended July 29, 2023
Net sales	$ 3,720	$ 3,548	$ 7,108	$ 6,824
Cost of goods sold and occupancy expenses	2,137	2,215	4,128	4,277
Gross profit	1,583	1,333	2,980	2,547
Operating expenses	1,290	1,227	2,482	2,451
Operating income	293	106	498	96
Interest expense	24	15	45	38
Interest income	(27)	(17)	(51)	(30)
Income before income taxes	296	108	504	88
Income tax expense (benefit)	90	(9)	140	(11)
Net income	$ 206	$ 117	$ 364	$ 99
Weighted-average number of shares - basic	376	369	375	368
Weighted-average number of shares - diluted	383	371	383	372
Earnings per share - basic	$ 0.55	$ 0.32	$ 0.97	$ 0.27
Earnings per share - diluted	$ 0.54	$ 0.32	$ 0.95	$ 0.27

See Accompanying Notes to Condensed Consolidated Financial Statements

THE GAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**August 3, 2024**	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Net income	$ 206	$ 117	$ 364	$ 99
Other comprehensive income (loss), net of tax				
Foreign currency translation and other	4	(3)	3	(4)
Change in fair value of derivative financial instruments, net of tax expense of $4, $—, $5, $2	(1)	(2)	6	6
Reclassification adjustment for (gains) losses on derivative financial instruments, net of tax expense of $(5), $(1), $(5), $(1)	1	(4)	(1)	(6)
Other comprehensive income (loss), net of tax	4	(9)	8	(4)
Comprehensive income	$ 210	$ 108	$ 372	$ 95

See Accompanying Notes to Condensed Consolidated Financial Statements

THE GAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

($ and shares in millions except per share amounts)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance as of May 4, 2024	375	$ 19	$ 119	$ 2,522	$ 47	$ 2,707
Net income for the 13 weeks ended August 3, 2024				206		206
Other comprehensive income, net of tax					4	4
Issuance of common stock related to stock options and employee stock purchase plans	—	—	11			11
Issuance of common stock and withholding tax payments related to vesting of stock units	1	—	(2)			(2)
Share-based compensation, net of forfeitures			31			31
Common stock dividends declared and paid ($0.15 per share)				(56)		(56)
Balance as of August 3, 2024	376	$ 19	$ 159	$ 2,672	$ 51	$ 2,901
Balance as of April 29, 2023	368	$ 18	$ 47	$ 2,067	$ 53	$ 2,185
Net income for the 13 weeks ended July 29, 2023				117		117
Other comprehensive loss, net of tax					(9)	(9)
Issuance of common stock related to stock options and employee stock purchase plans	1	—	6			6
Issuance of common stock and withholding tax payments related to vesting of stock units	—	—	(1)			(1)
Share-based compensation, net of forfeitures			21			21
Common stock dividends declared and paid ($0.15 per share)				(56)		(56)
Balance as of July 29, 2023	369	$ 18	$ 73	$ 2,128	$ 44	$ 2,263

See Accompanying Notes to Condensed Consolidated Financial Statements

THE GAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

($ and shares in millions except per share amounts)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance as of February 3, 2024	372	$ 19	$ 113	$ 2,420	$ 43	$ 2,595
Net income for the 26 weeks ended August 3, 2024				364		364
Other comprehensive income, net of tax					8	8
Issuance of common stock related to stock options and employee stock purchase plans	1	—	21			21
Issuance of common stock and withholding tax payments related to vesting of stock units	3	—	(33)			(33)
Share-based compensation, net of forfeitures			58			58
Common stock dividends declared and paid ($0.30 per share)				(112)		(112)
Balance as of August 3, 2024	376	$ 19	$ 159	$ 2,672	$ 51	$ 2,901
Balance as of January 28, 2023	366	$ 18	$ 27	$ 2,140	$ 48	$ 2,233
Net income for the 26 weeks ended July 29, 2023				99		99
Other comprehensive loss, net of tax					(4)	(4)
Issuance of common stock related to stock options and employee stock purchase plans	1	—	13			13
Issuance of common stock and withholding tax payments related to vesting of stock units	2	—	(11)			(11)
Share-based compensation, net of forfeitures			44			44
Common stock dividends declared and paid ($0.30 per share)				(111)		(111)
Balance as of July 29, 2023	369	$ 18	$ 73	$ 2,128	$ 44	$ 2,263

See Accompanying Notes to Condensed Consolidated Financial Statements

THE GAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	26 Weeks Ended	
($ in millions)	**August 3, 2024**	**July 29, 2023**
Cash flows from operating activities:		
Net income	$ 364	$ 99
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	247	267
Share-based compensation	58	44
Non-cash and other items	(1)	32
Gain on sale of building	—	(47)
Deferred income taxes	(8)	5
Changes in operating assets and liabilities:		
Merchandise inventory	(118)	160
Other current assets and other long-term assets	(33)	64
Accounts payable	155	104
Accrued expenses and other current liabilities	(88)	(76)
Income taxes payable, net of receivables and other tax-related items	61	5
Other long-term liabilities	(7)	(16)
Operating lease assets and liabilities, net	(51)	(113)
Net cash provided by operating activities	579	528
Cash flows from investing activities:		
Purchases of property and equipment	(182)	(199)
Net proceeds from sale of building	—	76
Purchases of short-term investments	(276)	—
Proceeds from sales and maturities of short-term investments	33	—
Net proceeds from divestiture activity, net of cash paid	—	11
Net cash used for investing activities	(425)	(112)
Cash flows from financing activities:		
Repayments of revolving credit facility	—	(200)
Proceeds from issuances under share-based compensation plans	21	13
Withholding tax payments related to vesting of stock units	(33)	(11)
Cash dividends paid	(112)	(111)
Net cash used for financing activities	(124)	(309)
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(2)	(2)
Net increase in cash, cash equivalents, and restricted cash	28	105
Cash, cash equivalents, and restricted cash at beginning of period	1,901	1,273
Cash, cash equivalents, and restricted cash at end of period	$ 1,929	$ 1,378
Supplemental disclosure of cash flow information:		
Cash paid for interest during the period	$ 31	$ 40
Cash paid for income taxes during the period, net of refunds	$ 97	$ (20)

See Accompanying Notes to Condensed Consolidated Financial Statements

THE GAP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Accounting Policies

Basis of Presentation

In the opinion of The Gap, Inc. (the “Company,” “we,” and “our”) management, the accompanying unaudited Condensed Consolidated Financial Statements contain all normal and recurring adjustments (except as otherwise disclosed) considered necessary to present fairly our financial position, results of operations, comprehensive income, stockholders' equity, and cash flows as of August 3, 2024 and July 29, 2023 and for all periods presented. The Condensed Consolidated Balance Sheet as of February 3, 2024 has been derived from our audited financial statements.

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and disclosures normally included in the notes to the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been omitted from these interim financial statements, although the Company believes that the disclosures made are adequate to make the information not misleading. We suggest that you read these Condensed Consolidated Financial Statements in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Additionally, these estimates and assumptions may change as a result of the impact of global economic conditions such as the uncertainty regarding global inflationary pressures, acts of terrorism or war, global credit and banking markets, and the geopolitical landscape including new legislation and upcoming elections. We will continue to consider the impact of the global economic conditions on the assumptions and estimates used when preparing these Condensed Consolidated Financial Statements including inventory valuation, income taxes and valuation allowances, sales return and bad debt allowances, deferred revenue, and the impairment of long-lived assets. If the global economic conditions change beyond what is currently estimated by management, such future changes may have an adverse impact on the Company's results of operations and financial position.

Restricted Cash

As of August 3, 2024, February 3, 2024, and July 29, 2023, restricted cash primarily included consideration that serves as collateral for our insurance obligations and certain other obligations occurring in the normal course of business. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within our Condensed Consolidated Balance Sheets to the total shown on our Condensed Consolidated Statements of Cash Flows:

($ in millions)	August 3, 2024	February 3, 2024	July 29, 2023
Cash and cash equivalents, per Condensed Consolidated Balance Sheets	$ 1,900	$ 1,873	$ 1,350
Restricted cash included in other long-term assets	29	28	28
Total cash, cash equivalents, and restricted cash, per Condensed Consolidated Statements of Cash Flows	$ 1,929	$ 1,901	$ 1,378

Accounting Pronouncements

Except as noted below, the Company has considered all recent accounting pronouncements and concluded that there are no recent accounting pronouncements that may have a material impact on our Condensed Consolidated Financial Statements and disclosures, based on current information.

Accounting Pronouncement Recently Adopted

ASU No. 2022-04, Disclosure of Supplier Finance Program Obligations

In September 2022, the Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") No. 2022-04, Disclosure of Supplier Finance Program Obligations. The ASU is intended to enhance the transparency of the use of supplier finance programs by requiring additional disclosures about the program’s nature and potential magnitude, including a rollforward of the obligations and activity during the period. The ASU is effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2022, except for the amendment on rollforward information, which is effective prospectively for fiscal years beginning after December 15, 2023. The ASU does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations. We adopted the required guidance on January 29, 2023. See Note 12 of Notes to Condensed Consolidated Financial Statements for information regarding our supply chain finance program.

Accounting Pronouncements Not Yet Adopted

ASU No. 2023-07, Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures. The ASU is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The ASU is effective retrospectively for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. We are currently assessing the impact that this ASU will have on the Company's disclosures.

ASU No. 2023-09, Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures. The ASU is intended to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation, as well as income taxes paid disaggregated by jurisdiction. The ASU is effective for annual periods beginning after December 15, 2024 and should be applied on a prospective basis, but retrospective application is permitted. We are currently assessing the impact that this ASU will have on the Company's disclosures.

Note 2. Revenue

We disaggregate our net sales by channel and also by brand and region. Net sales by region are allocated based on the location of the store where the customer paid for and received the merchandise; the distribution center or store from which the products were shipped; or the region of the franchise or licensing partner.

Net sales disaggregated by channel are as follows:

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**August 3, 2024**	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Store and franchise sales	$ 2,476	$ 2,387	$ 4,582	$ 4,440
Online sales (1)	1,244	1,161	2,526	2,384
Total net sales	$ 3,720	$ 3,548	$ 7,108	$ 6,824

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(1) Online sales primarily include sales originating from our online channel including those that are picked up or shipped from stores and net sales from revenue-generating strategic initiatives.

Net sales disaggregated by brand and region are as follows:

($ in millions) 13 Weeks Ended August 3, 2024	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	$ 1,953	$ 579	$ 414	$ 327	$ 14	$ 3,287
Canada	159	77	43	10	—	289
Other regions	11	110	22	1	—	144
Total	$ 2,123	$ 766	$ 479	$ 338	$ 14	$ 3,720

($ in millions) 13 Weeks Ended July 29, 2023	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	$ 1,777	$ 542	$ 415	$ 327	$ 11	$ 3,072
Canada	165	76	44	13	—	298
Other regions	19	137	21	1	—	178
Total	$ 1,961	$ 755	$ 480	$ 341	$ 11	$ 3,548

($ in millions) 26 Weeks Ended August 3, 2024	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	$ 3,714	$ 1,092	$ 797	$ 645	$ 28	$ 6,276
Canada	305	143	79	20	—	547
Other regions	20	220	43	2	—	285
Total	$ 4,039	$ 1,455	$ 919	$ 667	$ 28	$ 7,108

($ in millions) 26 Weeks Ended July 29, 2023	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	$ 3,436	$ 1,038	$ 789	$ 636	$ 14	$ 5,913
Canada	310	137	80	23	—	550
Other regions	43	272	43	3	—	361
Total	$ 3,789	$ 1,447	$ 912	$ 662	$ 14	$ 6,824

(1) U.S. includes the United States and Puerto Rico.

(2) Primarily consists of net sales from revenue-generating strategic initiatives.

We defer revenue when cash payments are received in advance of performance for unsatisfied obligations related to our gift cards, licensing agreements, outstanding loyalty points, and reimbursements of loyalty program discounts associated with our credit card agreement. For the 13 weeks ended August 3, 2024, the opening balance of deferred revenue for these obligations was $310 million, of which $116 million was recognized as revenue during the period. For the 26 weeks ended August 3, 2024, the opening balance of deferred revenue for these obligations was $337 million, of which $181 million was recognized as revenue during the period. The closing balance of deferred revenue for these obligations was $280 million as of August 3, 2024.

For the 13 weeks ended July 29, 2023, the opening balance of deferred revenue for these obligations was $334 million, of which $120 million was recognized as revenue during the period. For the 26 weeks ended July 29, 2023, the opening balance of deferred revenue for these obligations was $354 million, of which $191 million was recognized as revenue during the period. The closing balance of deferred revenue for these obligations was $327 million as of July 29, 2023.

In April 2021, the Company entered into agreements with Barclays and Mastercard relating to a long-term credit card program. The Company received an upfront payment of $60 million related to the agreements prior to the program launch in May 2022, which is being recognized as revenue over the term of the agreements. We also receive revenue sharing from our credit card agreement for private label and co-branded credit cards.

Note 3. Income Taxes

The effective income tax rate was 30.4 percent for the 13 weeks ended August 3, 2024, compared with negative 8.3 percent for the 13 weeks ended July 29, 2023. The increase in the effective tax rate for the 13 weeks ended August 3, 2024 compared with the 13 weeks ended July 29, 2023 is primarily due to tax benefits recognized in the prior year from a U.S. transfer pricing settlement related to our sourcing activities, changes in valuation allowances in the prior year, current year increases to certain income tax reserves, and changes in the amount and mix of jurisdictional earnings.

The effective income tax rate was 27.8 percent for the 26 weeks ended August 3, 2024, compared with negative 12.5 percent for the 26 weeks ended July 29, 2023. The increase in the effective tax rate for the 26 weeks ended August 3, 2024 compared with the 26 weeks ended July 29, 2023 is primarily due to tax benefits recognized in the prior year from a U.S. transfer pricing settlement related to our sourcing activities, changes in valuation allowances in the prior year, current year increases to certain income tax reserves, and changes in the amount and mix of jurisdictional earnings, partially offset by a favorable impact from stock-based compensation.

Note 4. Debt and Credit Facilities

Long-term debt recorded on the Condensed Consolidated Balance Sheets consists of the following:

($ in millions)	August 3, 2024	February 3, 2024	July 29, 2023
2029 Notes	$ 750	$ 750	$ 750
2031 Notes	750	750	750
Less: Unamortized debt issuance costs	(11)	(12)	(13)
Total long-term debt	$ 1,489	$ 1,488	$ 1,487

The scheduled maturity of the Senior Notes is as follows:

Scheduled Maturity ($ in millions)	Principal	Interest Rate	Interest Payments
October 1, 2029 (1)	$ 750	3.625 %	Semi-Annual
October 1, 2031 (2)	750	3.875 %	Semi-Annual
Total issuance	$ 1,500		

(1) Includes an option to redeem the 2029 Notes, in whole or in part at any time, subject to a make-whole premium, prior to October 1, 2024. On or after October 1, 2024, includes an option to redeem the 2029 Notes, in whole or in part at any time, at stated redemption prices.

(2) Includes an option to redeem the 2031 Notes, in whole or in part at any time, subject to a make-whole premium, prior to October 1, 2026. On or after October 1, 2026, includes an option to redeem the 2031 Notes, in whole or in part at any time, at stated redemption prices.

We have $1.5 billion aggregate principal amount of 3.625 percent senior notes due 2029 (“2029 Notes”) and 3.875 percent senior notes due 2031 (“2031 Notes”) (the 2029 Notes and the 2031 Notes, collectively, the “Senior Notes”). As of August 3, 2024, the aggregate estimated fair value of the Senior Notes was $1.29 billion and was based on the quoted market prices for each of the Senior Notes (level 1 inputs) as of the last business day of the fiscal quarter. The aggregate principal amount of the Senior Notes is recorded in long-term debt on the Condensed Consolidated Balance Sheets, net of the unamortized debt issuance costs.

We also have a senior secured asset-based revolving credit agreement (the "ABL Facility"), which has a $2.2 billion borrowing capacity and generally bears interest at a per annum rate based on Secured Overnight Financing Rate ("SOFR") (subject to a zero floor) plus a margin, depending on borrowing base availability. The ABL Facility is scheduled to expire in July 2027. The ABL Facility is available for working capital, capital expenditures, and other general corporate purposes.

There were no borrowings under the ABL Facility as of August 3, 2024 or February 3, 2024. As of July 29, 2023, the Company's outstanding borrowing under the ABL Facility was $150 million and was recorded in long-term liabilities on the Condensed Consolidated Balance Sheet.

We also have the ability to issue letters of credit on our ABL Facility. As of August 3, 2024, we had $47 million in standby letters of credit issued under the ABL Facility.

Note 5. Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis. The Company categorizes financial assets and liabilities recorded at fair value based upon a three-level hierarchy that considers the related valuation techniques.

There were no material purchases, sales, issuances, or settlements related to recurring level 3 measurements for the 13 and 26 weeks ended August 3, 2024 or July 29, 2023.

Financial assets and liabilities measured at fair value on a recurring basis and cash equivalents are as follows:

($ in millions)	August 3, 2024	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 9	$ 3	$ 6	$ —
Short-term investments	246	124	122	—
Derivative financial instruments	16	—	16	—
Deferred compensation plan assets	40	40	—	—
Other assets	4	—	—	4
Total	$ 315	$ 167	$ 144	$ 4
Liabilities:				
Derivative financial instruments	$ 3	$ —	$ 3	$ —

($ in millions)	February 3, 2024	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 1	$ —	$ 1	$ —
Derivative financial instruments	7	—	7	—
Deferred compensation plan assets	31	31	—	—
Other assets	4	—	—	4
Total	$ 43	$ 31	$ 8	$ 4
Liabilities:				
Derivative financial instruments	$ 8	$ —	$ 8	$ —

($ in millions)	July 29, 2023	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 1	$ —	$ 1	$ —
Derivative financial instruments	11	—	11	—
Deferred compensation plan assets	36	36	—	—
Other assets	4	—	—	4
Total	$ 52	$ 36	$ 12	$ 4
Liabilities:				
Derivative financial instruments	$ 9	$ —	$ 9	$ —

We have highly liquid fixed and variable income investments classified as cash equivalents and short-term investments. All highly liquid investments with original maturities of three months or less at the time of purchase are classified as cash and cash equivalents on the Condensed Consolidated Balance Sheets. Our cash equivalents are placed primarily in debt securities which are recorded at fair value using market prices for identical or similar assets and time deposits which are recorded at amortized cost. We also have highly liquid investments with original maturities of greater than three months and less than two years that are classified as short-term investments on the Condensed Consolidated Balance Sheet. These securities are also recorded at fair value using market prices for identical or similar assets.

There were no material realized or unrealized gains or losses or impairment charges related to short-term investments during the 13 and 26 weeks ended August 3, 2024.

Derivative financial instruments primarily include foreign exchange forward contracts. See Note 6 of Notes to Condensed Consolidated Financial Statements for information regarding currencies hedged against the U.S. dollar.

We maintain the Gap, Inc. Deferred Compensation Plan ("DCP"), which allows eligible employees to defer base compensation and bonus up to a maximum percentage, and non-employee directors to defer receipt of a portion of their Board fees. Plan investments are directed by participants and are recorded at market value and designated for the DCP. The fair value of the Company's DCP assets is determined based on quoted market prices, and the assets are recorded in other long-term assets on the Condensed Consolidated Balance Sheets.

Nonfinancial Assets

We review the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The fair value of the long-lived assets is determined using level 3 inputs and based on discounted future cash flows of the asset or asset group using a discount rate commensurate with the risk. The asset group is defined as the lowest level for which identifiable cash flows are available and largely independent of the cash flows of other groups of assets, which for our retail stores is at the store level.

There were no material impairment charges recorded for long-lived assets during the 13 and 26 weeks ended August 3, 2024 or July 29, 2023.

We review the carrying amount of goodwill and other indefinite-lived intangible assets for impairment annually and whenever events or changes in circumstances indicate that it is more likely than not that the carrying amount may not be recoverable.

There were no impairment charges recorded for goodwill or other indefinite-lived intangible assets for the 13 and 26 weeks ended August 3, 2024 or July 29, 2023.

Note 6. Derivative Financial Instruments

We operate in foreign countries, which exposes us to market risk associated with foreign currency exchange rate fluctuations. We use derivative financial instruments to manage our exposure to foreign currency exchange rate risk and do not enter into derivative financial contracts for trading purposes. Consistent with our risk management guidelines, we hedge a portion of our transactions related to merchandise purchases for foreign operations and certain intercompany transactions using foreign exchange forward contracts. These contracts are entered into with large, reputable financial institutions that are monitored for counterparty risk. The currencies hedged against changes in the U.S. dollar are the Canadian dollar, Japanese yen, British pound, New Taiwan dollar, and Euro. Cash flows from derivative financial instruments are classified as cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

Derivative financial instruments are recorded at fair value on the Condensed Consolidated Balance Sheets as other current assets, other long-term assets, accrued expenses and other current liabilities, or other long-term liabilities.

Cash Flow Hedges

We designate foreign exchange forward contracts used to hedge forecasted merchandise purchases and related costs denominated in U.S. dollars made by our international subsidiaries whose functional currencies are their local currencies as cash flow hedges. The foreign exchange forward contracts entered into to hedge forecasted merchandise purchases and related costs generally have terms of up to 24 months. The effective portion of the gain or loss on the derivative financial instruments is reported as a component of other comprehensive income (loss) and is recognized into net income during the period in which the underlying transaction impacts the Condensed Consolidated Statements of Operations.

Other Derivatives Not Designated as Hedging Instruments

We use foreign exchange forward contracts to hedge our market risk exposure associated with foreign currency exchange rate fluctuations for certain intercompany balances denominated in currencies other than the functional currency of the entity with the intercompany balance. The gain or loss on the derivative financial instruments that represent economic hedges, as well as the remeasurement impact of the underlying intercompany balances, is recorded in operating expenses on the Condensed Consolidated Statements of Operations in the same period and generally offset each other.

Outstanding Notional Amounts

We had foreign exchange forward contracts outstanding in the following notional amounts:

($ in millions)	August 3, 2024	February 3, 2024	July 29, 2023
Derivatives designated as cash flow hedges	$ 457	$ 381	$ 368
Derivatives not designated as hedging instruments	410	568	570
Total	$ 867	$ 949	$ 938

Quantitative Disclosures about Derivative Financial Instruments

The fair values of foreign exchange forward contracts are as follows:

($ in millions)	August 3, 2024	February 3, 2024	July 29, 2023
Derivatives designated as cash flow hedges:			
Other current assets	$ 8	$ 6	$ 7
Other long-term assets	2	—	1
Accrued expenses and other current liabilities	2	2	2
Other long-term liabilities	1	—	1
Derivatives not designated as hedging instruments:			
Other current assets	6	1	3
Accrued expenses and other current liabilities	—	6	6
Total derivatives in an asset position	$ 16	$ 7	$ 11
Total derivatives in a liability position	$ 3	$ 8	$ 9

The majority of the unrealized gains and losses from designated cash flow hedges as of August 3, 2024 will be recognized in income within the next 12 months at the then-current values, which may differ from the fair values as of August 3, 2024 shown above.

Our foreign exchange forward contracts are subject to master netting arrangements with each of our counterparties and such arrangements are enforceable in the event of default or early termination of the contract. We do not elect to offset the fair values of our derivative financial instruments on the Condensed Consolidated Balance Sheets, and as such, the fair values shown above represent gross amounts. The amounts subject to enforceable master netting arrangements were not material for all periods presented.

See Note 5 of Notes to Condensed Consolidated Financial Statements for disclosures on the fair value measurements of our derivative financial instruments.

The pre-tax amounts recognized in net income related to derivative instruments are as follows:

	Location and Amount of (Gain) Loss Recognized in Net Income			
	13 Weeks Ended August 3, 2024		13 Weeks Ended July 29, 2023	
($ in millions)	Cost of goods sold and occupancy expenses	Operating expenses	Cost of goods sold and occupancy expenses	Operating expenses
Total amount of expense line items presented in the Condensed Consolidated Statements of Operations in which the effects of derivatives are recorded	$ 2,137	$ 1,290	$ 2,215	$ 1,227
(Gain) loss recognized in net income				
Derivatives designated as cash flow hedges	(4)	—	(5)	—
Derivatives not designated as hedging instruments	—	(6)	—	10
Total (gain) loss recognized in net income	$ (4)	$ (6)	$ (5)	$ 10

($ in millions)	Location and Amount of (Gain) Loss Recognized in Net Income			
	26 Weeks Ended August 3, 2024		26 Weeks Ended July 29, 2023	
	Cost of goods sold and occupancy expense	Operating expenses	Cost of goods sold and occupancy expense	Operating expenses
Total amount of expense line items presented in the Condensed Consolidated Statements of Operations in which the effects of derivatives are recorded	$ 4,128	$ 2,482	$ 4,277	$ 2,451
(Gain) loss recognized in net income				
Derivatives designated as cash flow hedges	(6)	—	(7)	—
Derivatives not designated as hedging instruments	—	(13)	—	2
Total (gain) loss recognized in net income	$ (6)	$ (13)	$ (7)	$ 2

Note 7. Share Repurchases

In February 2019, the Company's Board of Directors (the "Board") approved a $1.0 billion share repurchase authorization (the "February 2019 repurchase program"). There were no shares repurchased, excluding shares withheld to settle employee tax withholding payments related to the vesting of stock units, during the 13 and 26 weeks ended August 3, 2024 and July 29, 2023. The February 2019 repurchase program had $476 million remaining as of August 3, 2024. All common stock repurchased is immediately retired.

Note 8. Earnings Per Share

Weighted-average number of shares used for earnings per share is as follows:

(shares in millions)	13 Weeks Ended		26 Weeks Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Weighted-average number of shares - basic	376	369	375	368
Common stock equivalents	7	2	8	4
Weighted-average number of shares - diluted	383	371	383	372

The anti-dilutive shares related to stock options and other stock awards excluded from the computation of weighted-average number of shares – diluted were 2 million and 9 million for the 13 weeks ended August 3, 2024 and July 29, 2023, respectively, and 3 million and 7 million for the 26 weeks ended August 3, 2024 and July 29, 2023, respectively, as their inclusion would have an anti-dilutive effect on earnings per share.

Note 9. Commitments and Contingencies

We are a party to a variety of contractual agreements under which we may be obligated to indemnify the other party for certain matters. These contracts primarily relate to our commercial contracts, operating leases, trademarks, intellectual property, financial agreements, and various other agreements. Under these contracts, we may provide certain routine indemnifications relating to representations and warranties (e.g., ownership of assets, environmental or tax indemnifications), or personal injury matters. The terms of these indemnifications range in duration and may not be explicitly defined. Generally, the maximum obligation under such indemnifications is not explicitly stated, and as a result, the overall amount of these obligations cannot be reasonably estimated. Historically, we have not made significant payments for these indemnifications. We believe that if we were to incur a loss in any of these matters, the loss would not have a material effect on our Condensed Consolidated Financial Statements taken as a whole.

As a multinational company, we are subject to various proceedings, lawsuits, disputes, and claims ("Actions") arising in the ordinary course of our business. Many of these Actions raise complex factual and legal issues and are subject to uncertainties. As of August 3, 2024, Actions filed against us included commercial, intellectual property, customer, employment, securities, and data privacy claims, including class action lawsuits. The plaintiffs in some Actions seek unspecified damages or injunctive relief, or both. Actions are in various procedural stages and some are covered in part by insurance. As of August 3, 2024, February 3, 2024, and July 29, 2023, we recorded a liability for an estimated loss if the outcome of an Action is expected to result in a loss that is considered probable and reasonably estimable. The liability recorded was not material for any individual Action or in total for all periods presented. Subsequent to August 3, 2024, and through the filing date of this Quarterly Report on Form 10-Q, no information has become available that indicates a change is required that would be material to our Condensed Consolidated Financial Statements taken as a whole.

We cannot predict with assurance the outcome of Actions brought against us. However, we do not believe that the outcome of any current Action would have a material effect on our Condensed Consolidated Financial Statements taken as a whole.

Note 10. Segment Information

We identify our operating segments according to how our business activities are managed and evaluated. As of August 3, 2024, our operating segments included: Old Navy Global, Gap Global, Banana Republic Global, and Athleta Global. Each of our brands serves customer demand through our store and franchise channel and our online channel, leveraging our omni-channel capabilities that allow customers to shop seamlessly across all of our brands. We have determined that each of our operating segments share similar economic and other qualitative characteristics, and therefore the results of our operating segments are aggregated into one reportable segment as of August 3, 2024. We continually monitor and review our segment reporting structure in accordance with authoritative guidance to determine whether any changes have occurred that would impact our reportable segments.

See Note 2 of Notes to Condensed Consolidated Financial Statements for disaggregation of revenue by channel and by brand and region.

Note 11. Divestitures

On November 7, 2022, we signed agreements to transition our Gap China and Gap Taiwan ("Gap Greater China") operations to a third party, Baozun Inc. ("Baozun"), to operate Gap Greater China stores and the in-market website as a franchise partner, subject to regulatory approvals and closing conditions. On January 31, 2023, the Gap China transaction closed with Baozun. The impact upon divestiture was not material to our results of operations for the 26 weeks ended July 29, 2023. The Gap Taiwan operations will continue to operate as usual until regulatory approvals and closing conditions are met.

Note 12. Supply Chain Finance Program

Our voluntary supply chain finance ("SCF") program provides certain suppliers with the opportunity to sell their receivables due from us to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. We are not a party to the agreements between our suppliers and the financial institutions and our payment terms are not impacted by whether a supplier participates in the SCF program.

The Company's outstanding obligations under the SCF program were $412 million, $373 million, and $390 million as of August 3, 2024, February 3, 2024, and July 29, 2023, respectively, and were included in accounts payable on the Condensed Consolidated Balance Sheets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OUR BUSINESS

We are a collection of lifestyle brands offering apparel, accessories, and personal care products for men, women, and children under the Old Navy, Gap, Banana Republic, and Athleta brands. We have Company-operated stores in the United States, Canada, Japan, and Taiwan. Our products are available to customers online through Company-owned websites and through third-party arrangements. We also have franchise agreements to operate Old Navy, Gap, Banana Republic, and Athleta throughout Asia, Europe, Latin America, the Middle East, and Africa. Under these agreements, third parties operate, or will operate, stores and websites that sell apparel and related products under our brand names. In addition to operating in the specialty, outlet, online, and franchise channels, we use our omni-channel capabilities to bridge the digital world and physical stores to further enhance our shopping experience for our customers. Our omni-channel services, including buy online pick-up in store, order-in-store, find-in-store, and ship-from-store, as well as enhanced mobile-enabled experiences, are tailored uniquely across our collection of brands. Most of the products sold under our brand names are designed by us and manufactured by independent sources.

OVERVIEW

Financial results for the second quarter of fiscal 2024 are as follows:

- Net sales for the second quarter of fiscal 2024 increased 5 percent compared with the second quarter of fiscal 2023.
- Store and franchise sales for the second quarter of fiscal 2024 increased 4 percent compared with the second quarter of fiscal 2023 and online sales for the second quarter of fiscal 2024 increased 7 percent compared with the second quarter of fiscal 2023.
- Gross profit for the second quarter of fiscal 2024 was $1.58 billion compared with $1.33 billion for the second quarter of fiscal 2023. Gross margin for the second quarter of fiscal 2024 was 42.6 percent compared with 37.6 percent for the second quarter of fiscal 2023.
- Operating income for the second quarter of fiscal 2024 was $293 million compared with $106 million for the second quarter of fiscal 2023.
- The effective income tax rate for the second quarter of fiscal 2024 was 30.4 percent compared with negative 8.3 percent for the second quarter of fiscal 2023.
- Net income for the second quarter of fiscal 2024 was $206 million compared with $117 million for the second quarter of fiscal 2023.
- Diluted earnings per share was $0.54 for the second quarter of fiscal 2024 compared with $0.32 for the second quarter of fiscal 2023.
- Merchandise inventory as of the second quarter of fiscal 2024 decreased 5 percent compared with the second quarter of fiscal 2023.

We are focused on the following strategic priorities in the near term:

- maintaining and building upon financial and operational rigor, through an optimized cost structure and disciplined inventory management;
- reinvigorating our brands to drive relevance and an engaging omni-channel experience;
- strengthening and evolving our operating platform with a digital-first mindset to drive scale and efficiency;
- energizing our culture by attracting and retaining strong talent; and
- continuing to integrate social and environmental sustainability into business practices to support long-term growth.

RESULTS OF OPERATIONS

Net Sales

See Note 2 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, for net sales disaggregation.

Comparable Sales ("Comp Sales")

Fiscal 2024 consists of 52 weeks versus 53 weeks in fiscal 2023. Due to the 53rd week in fiscal 2023, in order to maintain consistency, Comp Sales for the second quarter of fiscal 2024 and the first half of fiscal 2024 are compared to the 13 and 26 weeks ended August 5, 2023.

Comp Sales include the results of Company-operated stores and sales through our online channel. The calculation of Comp Sales excludes the results of the franchise and licensing business.

A store is included in the Comp Sales calculations when it has been open and operated by the Company for at least one year and the selling square footage has not changed by 15 percent or more within the past year. A store is included in the Comp Sales calculations on the first day it has comparable prior year sales. Stores in which the selling square footage has changed by 15 percent or more as a result of a remodel, expansion, or reduction are excluded from the Comp Sales calculations until the first day they have comparable prior year sales.

A store is considered non-comparable ("Non-comp") when it has been open and operated by the Company for less than one year or has changed its selling square footage by 15 percent or more within the past year.

A store is considered "Closed" if it is temporarily closed for three or more full consecutive days or it is permanently closed. When a temporarily closed store reopens, the store will be placed in the Comp/Non-comp status it was in prior to its closure. If a store was in Closed status for three or more days in the prior year, the store will be in Non-comp status for the same days the following year.

Current year foreign exchange rates are applied to both current year and prior year Comp Sales to achieve a consistent basis for comparison.

The percentage change in Comp Sales by global brand and for The Gap, Inc., as compared with the preceding year, is as follows:

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Old Navy Global	5 %	(6)%	4 %	(4)%
Gap Global	3 %	(1)%	3 %	— %
Banana Republic Global	— %	(8)%	1 %	(8)%
Athleta Global	(4)%	(7)%	— %	(10)%
The Gap, Inc.	3 %	(6)%	3 %	(4)%

Store count, openings, closings, and square footage for our stores are as follows:

	February 3, 2024	26 Weeks Ended August 3, 2024		August 3, 2024	
	Number of Store Locations	Number of Stores Opened	Number of Stores Closed	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,243	10	5	1,248	19.8
Gap North America	472	1	13	460	4.9
Gap Asia	134	—	7	127	1.1
Banana Republic North America	400	1	8	393	3.3
Banana Republic Asia	43	1	2	42	0.2
Athleta North America	270	2	1	271	1.1
Company-operated stores total	2,562	15	36	2,541	30.4
Franchise	998	81	52	1,027	N/A
Total	3,560	96	88	3,568	30.4
Increase (decrease) over prior year				3.2 %	(1.6)%

	January 28, 2023	26 Weeks Ended July 29, 2023		July 29, 2023	
	Number of Store Locations	Number of Stores Opened	Number of Stores Closed	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,238	17	8	1,247	19.9
Gap North America	493	—	12	481	5.1
Gap Asia (1)	232	1	4	140	1.2
Banana Republic North America	419	—	11	408	3.4
Banana Republic Asia	46	3	2	47	0.2
Athleta North America	257	15	3	269	1.1
Company-operated stores total	2,685	36	40	2,592	30.9
Franchise (1)	667	101	38	864	N/A
Total	3,352	137	78	3,456	30.9
Increase (decrease) over prior year				1.9 %	(6.4)%

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(1) The 89 Gap China stores that were transitioned to Baozun during the period are not included as store closures or openings for Company-operated and Franchise store activity. The ending balance for Gap Asia excludes Gap China stores and the ending balance for Franchise includes Gap China locations transitioned during the period.

Outlet and factory stores are reflected in each of the respective brands.

Net Sales

Our net sales increased $172 million, or 5 percent, during the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023, driven primarily by an increase in Comp Sales at Old Navy Global and incremental income related to the revenue sharing arrangement from our credit card agreement for the quarter. Our net sales increased $284 million, or 4 percent, during the first half of fiscal 2024 compared with the first half of fiscal 2023, driven primarily by an increase in Comp Sales.

Cost of Goods Sold and Occupancy Expenses

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended July 29, 2023	26 Weeks Ended August 3, 2024	26 Weeks Ended July 29, 2023
Cost of goods sold and occupancy expenses	$ 2,137	$ 2,215	$ 4,128	$ 4,277
Gross profit	$ 1,583	$ 1,333	$ 2,980	$ 2,547
Cost of goods sold and occupancy expenses as a percentage of net sales	57.4 %	62.4 %	58.1 %	62.7 %
Gross margin	42.6 %	37.6 %	41.9 %	37.3 %

Cost of goods sold and occupancy expenses decreased 5.0 percentage points as a percentage of net sales in the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023.

- Cost of goods sold decreased 4.1 percentage points as a percentage of net sales in the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023, primarily driven by lower commodity costs, an increase in net sales due to the incremental income in the second quarter of fiscal 2024 related to our revenue sharing arrangement from our credit card agreement, and improved promotional activity.
- Occupancy expenses decreased 0.9 percentage points as a percentage of net sales in the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023, primarily driven by an increase in net sales without a corresponding increase in occupancy expenses.

Cost of goods sold and occupancy expenses decreased 4.6 percentage points as a percentage of net sales in the first half of fiscal 2024 compared with the first half of fiscal 2023.

- Cost of goods sold decreased 3.8 percentage points as a percentage of net sales in the first half of fiscal 2024 compared with the first half of fiscal 2023, primarily driven by lower commodity costs and improved promotional activity.
- Occupancy expenses decreased 0.8 percentage points as a percentage of net sales in the first half of fiscal 2024 compared with the first half of fiscal 2023, primarily driven by an increase in net sales without a corresponding increase in occupancy expenses.

Operating Expenses

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended July 29, 2023	26 Weeks Ended August 3, 2024	26 Weeks Ended July 29, 2023
Operating expenses	$ 1,290	$ 1,227	$ 2,482	$ 2,451
Operating expenses as a percentage of net sales	34.7 %	34.6 %	34.9 %	35.9 %
Operating margin	7.9 %	3.0 %	7.0 %	1.4 %

Operating expenses increased $63 million, or 0.1 percentage points as a percentage of net sales during the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023, primarily due to the following:

- an increase in performance-based compensation; partially offset by
- a decrease in advertising expenses; and
- restructuring expenses of $13 million incurred during the second quarter of fiscal 2023 as a result of actions taken to simplify and optimize our operating model and structure.

Operating expenses increased $31 million, but decreased 1.0 percentage points as a percentage of net sales during the first half of fiscal 2024 compared with the first half of fiscal 2023, due to an increase in net sales as well as the following:

- an increase in performance-based compensation; and
- a gain on sale of building of $47 million that occurred during the first quarter of fiscal 2023; partially offset by
- restructuring expenses of $84 million incurred during the first half of fiscal 2023 as a result of actions taken to simplify and optimize our operating model and structure; and
- a decrease in advertising expenses.

Interest Expense

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended July 29, 2023	26 Weeks Ended August 3, 2024	26 Weeks Ended July 29, 2023
Interest expense	$ 24	$ 15	$ 45	$ 38

Interest expense primarily includes interest on outstanding borrowings and obligations mainly related to our Senior Notes and tax-related interest expense. The interest expense for the second quarter of fiscal 2023 and the first half of fiscal 2023 also included a benefit from the reversal of previously recognized interest expense as a result of a U.S. transfer pricing settlement related to our sourcing activities.

Interest Income

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended July 29, 2023	26 Weeks Ended August 3, 2024	26 Weeks Ended July 29, 2023
Interest income	$ (27)	$ (17)	$ (51)	$ (30)

Interest income increased $10 million during the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023 and increased $21 million during the first half of fiscal 2024 compared with the first half of fiscal 2023, primarily due to higher cash balances and higher interest rates.

Income Taxes

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended July 29, 2023	26 Weeks Ended August 3, 2024	26 Weeks Ended July 29, 2023
Income tax expense (benefit)	$ 90	$ (9)	$ 140	$ (11)
Effective tax rate	30.4 %	(8.3)%	27.8 %	(12.5)%

The increase in the effective tax rate for the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023 is primarily due to tax benefits recognized in the prior year from a U.S. transfer pricing settlement related to our sourcing activities, changes in valuation allowances in the prior year, current year increases to certain income tax reserves, and changes in the amount and mix of jurisdictional earnings.

The increase in the effective tax rate for the first half of fiscal 2024 compared with the first half of fiscal 2023 is primarily due to tax benefits recognized in the prior year from a U.S. transfer pricing settlement related to our sourcing activities, changes in valuation allowances in the prior year, current year increases to certain income tax reserves, and changes in the amount and mix of jurisdictional earnings, partially offset by a favorable impact from stock-based compensation.

The Organization for Economic Co-operation and Development ("OECD") has introduced a new global minimum corporate tax of 15%, commonly referred to as Pillar Two. The rules, as they currently stand, did not have a material impact on the effective tax rate for the second quarter of fiscal 2024 or for the first half of fiscal 2024 and are not expected to have a material impact on our fiscal 2024 effective tax rate. We will continue to monitor U.S. and global legislative action related to Pillar Two for potential impacts.

LIQUIDITY AND CAPITAL RESOURCES

In addition to our cash flows from operating activities, our primary sources of liquidity include cash and cash equivalents, short-term investments, our Senior Notes, and our ABL Facility. As of August 3, 2024, we had cash and cash equivalents of $1.90 billion and short-term investments of $246 million. We hold our cash, cash equivalents, and short-term investments across a diversified set of reputable financial institutions and monitor the credit standing of those financial institutions. In addition, we have issued $1.5 billion aggregate principal amount of our Senior Notes, and are also able to supplement near-term liquidity, if necessary, with our ABL Facility or other available market instruments. There were no borrowings under the ABL Facility as of August 3, 2024. See Note 4 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, for disclosures on the Senior Notes and ABL Facility.

Our largest source of operating cash flows is cash collections from the sale of our merchandise. Our primary uses of cash include merchandise inventory purchases, lease and occupancy costs, personnel-related expenses, purchases of property and equipment, shipping costs, and payment of taxes. The seasonality of our operations may lead to fluctuations in certain cash inflows and outflows between fiscal year-end and subsequent interim periods.

Our voluntary SCF program provides certain suppliers with the opportunity to sell their receivables due from us to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. We are not a party to the agreements between our suppliers and the financial institutions and our payment terms are not impacted by whether a supplier participates in the SCF program. See Note 12 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, for disclosures on the Company's SCF program.

We believe our existing balances of cash, cash equivalents, and short-term investments, along with our cash flows from operations, and instruments mentioned above, provide sufficient funds for our business operations as well as capital expenditures, dividends, and other liquidity requirements associated with our business operations over the next 12 months and beyond.

Cash Flows from Operating Activities

Net cash provided by operating activities increased $51 million during the first half of fiscal 2024 compared with the first half of fiscal 2023, primarily due to the following:

Net Income

- an increase in net income;

Non-cash items

- an increase of $47 million due to a gain that occurred during the first half of fiscal 2023 resulting from the sale of a building;

Changes in operating assets and liabilities

- a decrease of $278 million related to merchandise inventory primarily due to a decrease in inventory levels during the first half of fiscal 2023.

Cash Flows from Investing Activities

Net cash used for investing activities increased $313 million during the first half of fiscal 2024 compared with the first half of fiscal 2023, primarily due to the following:

- $243 million of net purchases of short-term investments during the first half of fiscal 2024; and
- $76 million in net proceeds from the sale of a building during the first half of fiscal 2023.

Cash Flows from Financing Activities

Net cash used for financing activities decreased $185 million during the first half of fiscal 2024 compared with the first half of fiscal 2023, primarily due to $200 million for repayments of ABL Facility borrowings during the first half of fiscal 2023.

Free Cash Flow

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. We require regular capital expenditures including technology improvements as well as building and maintaining our stores and distribution centers. 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.

The following table reconciles free cash flow, a non-GAAP financial measure, from a GAAP financial measure.

	26 Weeks Ended	
($ in millions)	August 3, 2024	July 29, 2023
Net cash provided by operating activities	$ 579	$ 528
Less: Purchases of property and equipment	(182)	(199)
Free cash flow	$ 397	$ 329

Dividend Policy

In determining whether and at what level to declare a dividend, we consider a number of factors including sustainability, operating performance, liquidity, and market conditions.

We paid a dividend of $0.15 per share during the second quarter of fiscal 2024. In August 2024, the Board authorized a dividend of $0.15 per share for the third quarter of fiscal 2024.

Share Repurchases

Certain information about the Company's share repurchases is set forth in Note 7 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Summary Disclosures about Contractual Cash Obligations and Commercial Commitments

There have been no material changes to our contractual obligations and commercial commitments as disclosed in our Annual Report on Form 10-K as of February 3, 2024, other than those which occur in the normal course of business. See Note 9 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, for disclosures on commitments and contingencies.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates as discussed in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024. See Note 1 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, for disclosures on accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our market risk profile as of February 3, 2024 is disclosed in our Annual Report on Form 10-K and has not significantly changed other than as noted below.

As of August 3, 2024, we had $246 million in short-term investments and $9 million in cash equivalents which were recorded on the Condensed Consolidated Balance Sheet. Changes in interest rates impact the fair value of our investments and the interest income derived from our investments.

See Notes 4, 5, and 6 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, for disclosures on our debt and credit facilities, investments, and derivative financial instruments.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's second quarter of fiscal 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

As a multinational company, we are subject to various proceedings, lawsuits, disputes, and claims ("Actions") arising in the ordinary course of our business. Many of these Actions raise complex factual and legal issues and are subject to uncertainties. Actions filed against us from time to time include commercial, intellectual property, customer, employment, securities, and data privacy claims, including class action lawsuits. The plaintiffs in some Actions seek unspecified damages or injunctive relief, or both. Actions are in various procedural stages, and some are covered in part by insurance.

We cannot predict with assurance the outcome of Actions brought against us. Accordingly, developments, settlements, or resolutions may occur and impact operations in the quarter of such development, settlement, or resolution. However, we do not believe that the outcome of any current Action would have a material effect on our financial results.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In February 2019, the Board approved a $1.0 billion share repurchase authorization, which has no expiration date. There were no shares repurchased, excluding shares withheld to settle employee tax withholding payments related to the vesting of stock units, during the 13 weeks ended August 3, 2024. The February 2019 repurchase program had $476 million remaining as of August 3, 2024.

Item 5. Other Information.

During the 13 weeks ended August 3, 2024, none of our directors or Section 16 officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit No.	Exhibit Description	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
3.1	Restated Certificate of Incorporation					X
3.2	Amended and Restated Bylaws (effective August 15, 2022)	10-Q	1-7562	3.3	August 26, 2022	
10.1†	The Gap, Inc. Senior Executive Severance Plan, effective July 1, 2024	8-K	1-7562	10.1	June 28, 2024	
10.2†	Participation Agreement with Chris Blakeslee under The Gap, Inc. Senior Executive Severance Plan					X
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer of The Gap, Inc. (Section 302 of the Sarbanes-Oxley Act of 2002)					X
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer of The Gap, Inc. (Section 302 of the Sarbanes-Oxley Act of 2002)					X
32.1	Certification of the Chief Executive Officer of The Gap, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of the Chief Financial Officer of The Gap, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101	The following materials from The Gap, Inc.'s Quarterly Report on Form 10-Q for the quarter ended August 3, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholders' Equity; (v) the Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements					X
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)					X

† Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE GAP, INC.

Date: August 30, 2024	By /s/ Richard Dickson
	Richard Dickson President and Chief Executive Officer (Principal Executive Officer)
Date: August 30, 2024	By /s/ Katrina O'Connell
	Katrina O'Connell Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

RESTATED
CERTIFICATE OF INCORPORATION

OF

THE GAP, INC.

THE GAP, INC., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of this corporation is THE GAP, INC. The Gap, Inc. was originally incorporated under the name of GAP ACQUISITION CORPORATION, and the original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on April 15, 1988.

2. Pursuant to Section 245 of the General Corporation Law of the State of Delaware, this Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this corporation as heretofore amended or supplemented, and there is no discrepancy between those provisions and the provisions of the Restated Certificate of Incorporation. The Restated Certificate of Incorporation was duly adopted by the Board of Directors of The Gap, Inc. on August 14, 2024.

3. The text of the Certificate of Incorporation of this corporation as heretofore amended or supplemented is hereby restated to read in its entirety as follows:

FIRST: The name of this corporation is: THE GAP, INC.

SECOND: The address of the registered office of the corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, and the name of its registered agent at that address is The Corporation Trust Company.

THIRD: Reserved.

FOURTH: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FIFTH: Section 1. Classes and Number of Shares.

The total number of shares of all classes of stock which this corporation shall have authority to issue is 2,390,000,000 shares. The classes and the aggregate number of shares of stock of each class, which this corporation shall have authority to issue are as follows:

(i) 2,300,000,000 shares of Common Stock, $0.05 par value per share (hereinafter the “Common Stock”);

(ii) 60,000,000 shares of Class B Common Stock, $0.05 par value per share (hereinafter the “Class B Common Stock”);

(iii) 30,000,000 shares of Preferred Stock, $0.05 par value per share, with such rights, privileges, restrictions and preferences as the Board of Directors may authorize from time to time (hereinafter the “Preferred Stock”).

Section 2. Powers and Rights of the Common Stock and the Class B Stock.

A. Voting Rights and Powers.

(i) With respect to all matters upon which shareholders are entitled to vote or to which shareholders are entitled to give consent, every holder of Common stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his name on the transfer books of this corporation and (except as provided in Article SEVENTH below) every holder of Class B Stock shall be entitled to six votes in person or by proxy for each share of Class B Stock standing in his name on the transfer books of this corporation.

(ii) Except as otherwise provided herein, the provisions of this Certificate of Incorporation shall not be modified, revised, altered or amended, repealed or rescinded in whole or in part, without the affirmative vote of the holders of a majority of the outstanding shares of the Common Stock and of a majority of the outstanding shares of Class B Stock, each voting separately as a class.

(iii) Following the initial issuance of shares of Class B Stock, this corporation may not effect the issuance of any additional shares of Class B Stock (except in connection with stock splits and stock dividends), unless and until such issuance is authorized by the holders of a majority of the shares voting of Common Stock and of Class B Stock, each voting separately as a class.

(iv) The holders of Common Stock, voting separately as a class, will be entitled to elect 25% of this corporation’s directors (rounded, if necessary, to the next higher whole number). The Common Stock will also vote together with the Class B Stock to elect the other 75% of this corporation’s directors.

(v) Except as may be otherwise required by law or by this Article FIFTH, the holders of Common Stock and Class B Stock shall vote together as a single class, subject to any voting rights which may be granted to holders of Preferred Stock.

B. Dividends and Distributions. Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Certificate of Incorporation as amended from time to time, holders of Common Stock and Class B Stock shall be entitled to such dividends and other distributions in cash, stock or property of this corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of this corporation legally available therefor, provided that if at any time a cash dividend is paid on the Common Stock, a cash dividend will also be paid on the Class B Stock in an amount per share equal to 90% of the amount of the dividend paid on each share of Common Stock (rounded down to the nearest one-hundredth of a dollar); and provided, further, that in the case of the dividends or other distributions payable in stock of this corporation other than the Preferred Stock, including distributions pursuant to stock split-ups, divisions or combinations, which occur after the date shares of Class B Stock are first issued by this corporation, only shares of Common Stock shall be distributed with respect to Common Stock and only shares of Class B Stock shall be distributed with respect to Class B Stock. In no event will shares of either Common Stock or Class B Stock be split, divided or combined unless the other is also split, divided or combined equally.

C. Other Rights. Except as otherwise required by the Delaware General Corporation Law or as otherwise provided in this Certificate of Incorporation, each share of the Common Stock and each share of the Class B Stock shall have identical powers, preferences and rights, including rights in liquidation.

D. Transfer.

(i) No person holding shares of Class B Stock of record (hereinafter called a “Class B Holder”) may transfer, and this corporation shall not register the transfer of such shares of Class B Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a “Permitted Transferee.” A “Permitted Transferee” shall mean, with respect to each person from time to time shown as the record holder of shares of Class B Stock:

(a) In the case of a Class B Holder who is a natural person,

(1) The spouse of such Class B Holder, any lineal descendant of a grandparent of such Class B Holder, and any spouse of such lineal descendant;

(2) The trustee of a trust (including a voting trust) principally for the benefit of such Class B Holder and/or one or more of his Permitted Transferee described in each subclause of this clause (a);

(3) Any organization contributions to which are deductible for federal income, estate or gift tax purposes or any split-interest trust described in Section 4947 of the Internal Revenue Code, as it may from time to time be amended (hereinafter called a “Charitable Organization”);

(4) A corporation, of which a majority of the beneficial ownership of outstanding capital stock entitled to vote for the election of directors is owned by, or a partnership, of which a majority of the beneficial ownership of the partnership interests entitled to participate in the management of the partnership is held by, the Class B Holder and/or one or more of his or her Permitted Transferees determined under this clause (a), provided that if by reason of any change in the ownership of such stock or partnership interests, such

corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Stock then held by such corporation or partnership shall, upon the election of this corporation given by written notice of such corporation nor partnership, without further act on anyone's part, be converted into shares of Common Stock effective upon the date of the giving of such notice, and stock certificates formerly representing such shares of Class B Stock shall thereupon and thereafter be deemed to represent the like number of shares of Common Stock; and

(5) The estate of such Class B Holder.

(b) In the case of a Class B Holder holding the shares of Class B Stock in question as trustee pursuant to a trust (other than pursuant to a trust described in clause (f) below), "Permitted Transferee" means (1) any person transferring Class B Stock to such trust and (2) any Permitted Transferee of any such transferor determined pursuant to clause (a) above.

(c) In the case of a Class B Holder which is a Charitable Organization holding record and beneficial ownership of the shares of Class B Stock in question, "Permitted Transferee" means any Class B Holder.

(d) In the case of a Class B Holder which is a corporation or partnership (other than a Charitable Organization) acquiring record and beneficial ownership of the shares of Class B Stock in question upon its initial issuance by this corporation, "Permitted Transferee" means (1) a partner of such partnership, or stockholder of such corporation at the time of issuance, and (2) any Permitted Transferee (determined pursuant to clause (a) above) of any such partner or stockholder referred to in subclause (1) of this clause (d).

(e) In the case of a Class B Holder which is a corporation or partnership (other than a Charitable Organization or a corporation or partnership described in clause (d) above) holding record and beneficial ownership of the shares of Class B Stock in question, "Permitted Transferee" means (1) any person transferring such shares of Class B Stock to such corporation or partnership and (2) any Permitted Transferee of any such person determined pursuant to clause (a) above.

(f) In the case of a Class B Holder holding the shares of Class B Stock in question as trustee pursuant to a trust which was irrevocable at the time of issuance of the Class B Stock, "Permitted Transferee" means (1) any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise and (2) any Permitted Transferee of any such person determined pursuant to clause (a) above.

(g) In the case of a Class B Holder which is the estate of a deceased Class B Holder, or which is the estate of a bankrupt or insolvent Class B Holder, which holds record and beneficial ownership of the shares of Class B Stock in question, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class B Holder as determined pursuant to clause (a), (b), (c), (d), (e) or (f) above, as the case may be.

(ii) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall remain subject to the provisions of this Paragraph D. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Common Stock, as the pledgee may elect.

(iii) For purposes of this Paragraph D:

(a) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(b) Each joint owner of shares of Class B Stock shall be considered a "Class B Holder" of such shares.

(c) A minor for whom shares of Class B Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(d) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(e) Without derogating from the election conferred upon this corporation pursuant to subclause (4) of clause (a) of subsection (i) above, each reference to a corporation shall include any successor corporation resulting from merger or consolidation; and each reference to a partnership shall include any successor partnership resulting from the death or withdrawal of a partner.

(iv) Any transfer of shares of Class B Stock not permitted hereunder shall result in the conversion of the transferee's shares of Class B Stock into shares of Common Stock, effective the date on which certificates representing such shares are presented for transfer on the books of this corporation. This corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Stock on this corporation's books; require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Stock or is a Permitted Transferee.

(v) If at any time the number of outstanding shares of Class B Stock as reflected on the stock transfer books of this corporation falls below 12.5% of the total outstanding voting shares of this corporation, the outstanding shares of Class B Stock shall automatically be deemed converted into shares of Common Stock and certificates formerly representing outstanding shares of Class B Stock shall thereupon and thereafter represent the like number of shares of Common Stock.

(vi) Shares of Class B Stock shall be registered in the names of the beneficial owners thereof and not in “street” or “nominee” names. Notwithstanding the foregoing, trusts may transfer shares into “nominee” name. For this purpose, a “beneficial owner” of any shares of Class B Stock shall mean a person who, or an entity which, possesses the power, either singly or jointly, to direct the voting or disposition of such shares. This corporation shall note on the certificates for shares of Class B Stock the restrictions on transfer and registration of transfer imposed by this Paragraph D.

E. Conversion Rights.

(i) Subject to the terms and conditions of this Paragraph E, each share of Class B Stock shall be convertible at any time or from time to time, at the option of the respective holder thereof, at the office of any transfer agent for Common Stock, and at such other place or places, if any, as the Board of Directors may designate, into one (1) fully paid and nonassessable share of Common Stock. In order to convert Class B Stock into Common Stock, the holder thereof shall (a) surrender the certificate or certificates for such Class B Stock at the office of said transfer agent (or other place as provided above), which certificate or certificates, if this corporation shall so request, shall be duly endorsed to this corporation or in black or accompanied by proper instruments of transfer to this corporation (such endorsements or instruments of transfer to be in form satisfactory to this corporation), and (b) give written notice to this corporation that such holder elects to convert said Class B Stock, which notice shall state the name or names in which such holder wishes the certificate or certificates for Common Stock to be issued. This corporation will issue and deliver at the office of said transfer agent (or other place as provided above) to the person for whose account such Class B Stock was so surrendered, or to his nominee or nominees, a certificate or certificates for the number of full shares of Common Stock to which holder shall be entitled as soon as practicable after such deposit of a certificate or certificates of Class B Stock, accompanied by the requisite written notice. Such conversion shall be deemed to have made as of the date of such surrender of the Class B Stock to be converted; and the persons entitled to receive the Common Stock issuable upon conversion of such Class B Stock shall be treated for all purposes as the record holder or holders of such Common Stock on such date.

(ii) The issuance of certificates for shares of Common Stock upon conversion of shares of Class B Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share of shares of Class B Stock converted, the person or persons requesting the issuance thereof shall pay to this corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of this corporation that such tax has been paid or is not required to be paid.

(iii) This corporation covenants that it will at all times reserve and keep available, solely for the purpose of issue upon conversion of the outstanding shares of Class B Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares.

Section 3. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series, and each of such series shall have such voting powers, designations, preferences, and relative participation, optional or other special rights, and the qualifications, limitations and restrictions thereof, as are stated or expressed herein or in a resolution or resolutions, providing for the issuance of such series, adopted by the Board of Directors as hereinafter provided. The Board of Directors is hereby expressly empowered, subject to the provisions of this Article FIFTH, to provide for the issuance of Preferred Stock from time to time in series and to fix by resolution or resolutions providing for the issuance of such series.

(i) The number of shares constituting that series and the distinctive designation of that series;

(ii) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights or priority, if any, of payment of dividends on shares of that series.

(iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(iv) Whether that series shall have conversion privileges, and, if so the terms and conditions of such conversion, including provision for adjustment of the conversion rate upon the happening of specified events;

(v) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and on different redemption dates;

(vi) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(vii) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of this corporation, and the relative rights or priority, if any, of payment on shares of that series; and

(viii) Such other designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as it may deem advisable and shall be stated in said resolution or resolutions.

Section 4. Issuance of Common Stock. Class B Stock and Preferred Stock.

The Board of Directors of this corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Certificate of

Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by the shareholders, except as otherwise required by law. Subject to Section 2A(iii) of this Article FIFTH, the Board of Directors of this corporation may authorize by resolution the issuance of any or all shares of Class B Stock herein authorize in accordance with the terms and conditions set forth in this Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities and for such consideration as the Board of Directors may determine. At any time shares of Class B Stock are outstanding, the Board of Directors may issue shares of Common Stock in the form of a distribution or distributions pursuant to a stock dividend or split-up, division or combination of the shares of Common Stock only to the then-holders of the outstanding shares of Common stock and in conjunction with and in the same ratio as a stock dividend or spilt-up, division or combination of the shares of Class B Stock.

SIXTH: Section 1. Number of Directors.

The number of directors which shall constitute the whole Board of Directors of this corporation shall be as specified in the by-laws of this corporation.

Section 2. Limited Liability.

To the fullest extent permitted by the General Corporation Law of the State of Delaware (as such law currently exists or may hereafter be amended so long as any such amendment authorizes action further eliminating or limiting the personal liabilities of directors or officers), a director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. Any repeal or modification of this paragraph by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the corporation with respect to any act or omission occurring prior to the time of such repeal or modification.

SEVENTH: Section 1. Certain Definitions.

For the purpose of this Article SEVENTH:

A. A “person” shall mean any individual, firm corporation or other entity.

B. “Interested Stockholder” shall mean any person (other than any Subsidiary of this corporation) who or which:

(i) is the beneficial owner, directly or indirectly, of more than 5% of the voting power of (a) all outstanding shares of Common Stock, (b) all outstanding shares of Class B Stock or (c) all outstanding shares of Voting Stock; or

(ii) is an Affiliate of this corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 5% of the voting power of (a) all outstanding shares of Common Stock, (b) all outstanding shares of Class B Stock or (c) all outstanding shares of Voting Stock; or

(iii) is an assignee of, or has otherwise succeeded to, any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Shareholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

C. A person shall be a "beneficial owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates beneficially owns directly or indirectly; or

(ii) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

For the purpose of determining whether a person is an Interested Stockholder pursuant to paragraph B of this Section 1, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned by an Interested Stockholder through application of this paragraph C but shall not include any other shares of Voting Stock which may be issuable to persons other than such Interested Stockholder pursuant to any agreement, arrangement or understanding, or upon exercise of conversion or exchange rights, warrants or options, or otherwise.

D. "Voting Stock" shall mean the capital stock of this corporation having general voting power.

E. "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 or any successor regulation, which may be promulgated from time to time.

F. "Subsidiary" means any corporation of which a majority of any class of Equity Security is owned, directly or indirectly, by this corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph B of this Section 1, the term

"Subsidiary" shall mean only a corporation of which a majority of each class of Equity Security (other than convertible debentures) is owned, directly or indirectly, by this corporation.

G. "Disinterested Director" means any member of the Board of Directors who is unaffiliated with any Interested Stockholder and was a member of the Board of Directors prior to the time that an Interested Stockholder became an Interested Stockholder, and any successor of a Disinterested Director who is unaffiliated with an Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

H. "Fair Market Value" means (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any similar system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board of Directors in good faith; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board of Directors in good faith.

I. "Business Combination" shall mean

(i) any merger or consolidation of this corporation or any Subsidiary with (a) any Interested Stockholder or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of this corporation of any Subsidiary having an aggregate book value of 5% or more of this corporation's book value at the time of such transaction or transactions determined in accordance with generally accepted accounting principles; or

(iii) the issuance or transfer by this corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of this corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or combination thereof) having an aggregate value of 5% or more of this corporation's book value at the time of such transaction or transactions determined in accordance with generally accepted accounting principles; or

(iv) any reclassification of securities (including any reverse stock split), or recapitalization of this corporation, or any merger or consolidation of this corporation (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of Equity Security of this corporation or any Subsidiary which is directly or indirectly owned by an Interested Stockholder or any Affiliate of any Interested Stockholder.

J. “Equity Security” shall have the meaning ascribed to such term in Section 3(a)(11) of the Securities Exchange Act of 1934 as amended from time to time.

K. Certain matters to be voted on by the Board of Directors shall require the directors who are not Disinterested Directors to be disqualified. The term “majority of the Disinterested Directors” shall mean a majority of the directors who are not so disqualified.

Section 2. Higher Vote for Certain Business Combinations.

In addition to any affirmative vote required by law or this Certificate of Incorporation, and except as otherwise expressly provided in Section 3 of this Article SEVENTH, the approval of a Business Combination shall require the affirmative vote of the holders of at least 66-2/3% of the Voting Stock, voting together as a single class (it being understood that for the purposes of this Article SEVENTH, each share of Class B Stock shall have only two votes notwithstanding the number of votes granted to it pursuant to Article FIFTH of this Certificate of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

Section 3. When Higher Vote is Not Required.

The provisions of Section 2 of this Article SEVENTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Certificate of Incorporation, if all of the conditions specified in either of the following paragraphs A and B are met:

A. Approval by Disinterested Directors. The Business Combination shall have been approved by a majority of the Disinterested Directors.

B. Price and Procedure Requirements. All of the following conditions shall have been met:

(i) The aggregate amount of the cash and the Fair Market Value (as of the date of the consummation of the Business Combination) of consideration other than cash to be received per share by holders of Common Stock and Class B Stock in such Business Combination shall be at least equal to the higher of the following:

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers’ fees) paid by the Interested

Stockholder (whether or not such person was a stockholder at the time of such purchases) for any shares of Common Stock acquired by it within the two-year period immediately prior to and including the first public announcement of the terms of the proposed Business Combination (the "Announcement Date"); or

(b) the Fair Market Value per share of Common Stock on the Announcement Date.

(ii) The aggregate amount of the cash and the Fair Market Value (as of the date of the consummation of the Business Combination) of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Voting Stock other than Common Stock or Class B Stock shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph B(ii) shall be required to be met with respect to every class or series of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class or series of Voting Stock);

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class or series of Voting Stock acquired by it within the two-year period immediately prior to and including the Announcement Date;

(b) (if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of this corporation; or

(c) the Fair Market Value per share of such class or series of Voting Stock on the Announcement Date.

(iii) In the event of any Business Combination in which this corporation survives, the phrase "consideration other than cash to be received," as used in paragraphs B(i) and (ii) of this Section 3, shall include the shares of Common Stock and/or the shares of any other class or series of outstanding Voting Stock retained by the holders of such shares.

(iv) The consideration to be received by holders of a particular class or series of outstanding Voting Stock (including Common Stock and Class B Stock) shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class or series of Voting Stock. If the Interested Stockholder has paid for shares of any class or series of Voting Stock with varying forms of consideration, the form of consideration for such class or series of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class or series of Voting Stock previously acquired by it. The price determined in accordance with paragraphs B(i) and (ii) of this Section 3 shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares of similar event

(v) After a person becomes an Interested Stockholder and prior to the consummation of such Business Combination: (a) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding stock having preference over the Common Stock as to dividends or upon liquidation; (b) there shall have been (1) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (2) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Disinterested Directors; and (c) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

(vi) After a person becomes an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by this corporation (unless the arrangement conferring such benefit was entered into prior to the time such person became an Interested Stockholder), whether in anticipation of or in connection with such Business Combination or otherwise.

(vii) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of this corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

Section 4. Powers of the Board of Directors.

A majority of the Disinterested Directors shall have the power and duty to determine for the purposes of this Article SEVENTH, on the basis of the information known to them after reasonable inquiry, (A) whether a person is an Interested Stockholder, (B) the number of shares of Voting Stock beneficially owned by any person, (C) whether a person is an Affiliate or Associate of another, and (D) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by this corporation or any Subsidiary in any Business Combination has, an aggregate value equal to 5% or more of the book value of this corporation determined in accordance with generally accepted accounting principles. A majority of the Disinterested Directors shall the further power to interpret all of the terms and provisions of this Article SEVENTH.

Section 5. No Effect of Fiduciary Obligations of Interested Stockholders.

Nothing contained in this Article SEVENTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Section 6. Amendment, Repeal, etc.

Notwithstanding any other provisions of this Certificate of Incorporation or the By-Laws (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the By-Laws) the affirmative vote of the holders of 66-2/3% or more of the outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article SEVENTH or any provision hereof.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware as the by-laws may provide. The books of the corporation may be kept, subject to any provision contained in the statutes, outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the corporation. Stockholders shall not be entitled to request the election of directors by written below unless a by-law of the corporation shall authorize such a vote by written ballot.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind from time to time any or all of the by-laws of the corporation; including by-law amendments increasing or reducing the authorized number of directors.

IN WITNESS WHEREOF, the corporation has caused this Restated Certificate of Incorporation to be executed on its behalf on this 14th day of August 2024.

/s/ Todd Champeau
Name: Todd Champeau
Title: Assistant Secretary

Exhibit 10.2

THE GAP, INC.
SENIOR EXECUTIVE SEVERANCE PLAN

Participation Agreement

THIS PARTICIPATION AGREEMENT (this "Agreement") is made and entered into as of July 10, 2024 by and between Chris Blakeslee (the "Executive") and The Gap, Inc. (the "Company").

The Executive is eligible to participate in The Gap, Inc. Senior Executive Severance Plan (the "Plan"). The Executive accepts participation in the Plan and, intending to be legally bound, agrees as follows:

1. Participation in the Plan; Termination of any other Rights to Severance Benefits. Subject to the terms of the Plan, the Executive agrees that the Plan is the Executive's sole source of severance benefits and supersedes any and all other separation or severance pay or benefits policies or practices of the Company or its subsidiaries or affiliates. The Executive further agrees to forego severance benefits or payments to which the Executive may otherwise be entitled, if any, under the terms of any agreement, plan, or other arrangement with the Company or its subsidiaries or affiliates that are payable in the event of the Executive's termination of employment; it being understood, however, that Executive's vesting acceleration rights with respect to the "Make-Whole Restricted Stock Unit Awards" and "Make-Whole Performance Restricted Stock Units" set forth in Executive's offer letter with the Company dated July 18, 2023 (the "Offer Letter") shall continue to be governed by the grant agreements for such awards (and not by the Plan) but assuming vesting at target achievement of any performance-based vesting criteria for vesting acceleration events occurring on or after a Change in Control (as defined in the Plan) to the extent that the applicable performance period has not yet been completed.

2. Executive's Undertakings. The Executive agrees to be bound by, and accept, all of the terms of the Plan.

This Agreement has been duly executed as of the day and year first written above.

THE GAP, INC.

By: /s/ Amanda Thompson

Amanda Thompson, Chief People Officer, Gap Inc.

I hereby acknowledge that I have had the opportunity to review and consider the Plan. I hereby accept my eligibility for severance benefits described in the Plan and agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of The Gap Severance Plan Committee and/or Compensation and Management Development Committee of the Board of Directors of the Company, as applicable, shall be final and binding.

/s/ Chris Blakeslee
Chris Blakeslee

Exhibit 31.1

CERTIFICATIONS

I, Richard Dickson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Gap, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 30, 2024

/s/ Richard Dickson

Richard Dickson
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Katrina O'Connell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Gap, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 30, 2024

/s/ Katrina O'Connell

Katrina O'Connell
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Gap, Inc. (the “Company”) on Form 10-Q for the period ended August 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard Dickson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 30, 2024

/s/ Richard Dickson
Richard Dickson
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Gap, Inc. (the “Company”) on Form 10-Q for the period ended August 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Katrina O'Connell, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 30, 2024

/s/ Katrina O'Connell

Katrina O'Connell
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)