

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

EXPECTED ADJUSTED EARNINGS PER SHARE FOR THE THIRD QUARTER OF FISCAL YEAR 2019

Expected adjusted diluted earnings per share is a non-GAAP financial measure. Expected adjusted diluted earnings per share for the third quarter of fiscal year 2019 is provided to enhance visibility into the Company's expected underlying results for the period excluding the estimated impact of specialty fleet restructuring costs and related tax, and separation-related costs. However, this non-GAAP financial measure is not intended to supersede or replace the GAAP measure.

	13 Weeks Ending November 2, 2019	
	Low End	High End
Expected earnings per share - diluted	\$ 0.34	\$ 0.36
Add: Estimated impact of specialty fleet restructuring costs (a)	0.02	0.02
Add: Estimated incremental tax on restructuring costs (b)	0.01	0.01
Add: Estimated impact of separation-related costs (c)	0.13	0.13
Expected adjusted earnings per share - diluted	<u>\$ 0.50</u>	<u>\$ 0.52</u>

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- (a) Represents the estimated earnings per share impact of estimated costs related to previously announced plans to restructure the specialty fleet and revitalize Gap brand, calculated net of tax at the expected adjusted effective tax rate.
- (b) Represents certain non-cash tax impacts related to expected restructuring charges discussed above.
- (c) Represents the estimated earnings per share impact of estimated costs associated with the planned Old Navy spin-off transaction, calculated net of tax at the expected adjusted effective tax rate.

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EXPECTED ADJUSTED EARNINGS PER SHARE FOR FISCAL YEAR 2019

Expected adjusted diluted earnings per share is a non-GAAP financial measure. Expected adjusted diluted earnings per share for fiscal year 2019 is provided to enhance visibility into the Company's expected underlying results for the period excluding the estimated impact of specialty fleet restructuring costs and related tax, separation-related costs, a gain on the sale of a building, and the impact of an adjustment to our fiscal 2017 tax liability for additional guidance issued by the U.S. Treasury Department regarding the TCJA. However, this non-GAAP financial measure is not intended to supersede or replace the GAAP measure.

	52 Weeks Ending February 1, 2020	
	Low End	High End
Expected earnings per share - diluted	\$ 1.38	\$ 1.47
Add: Estimated impact of specialty fleet restructuring costs (a)	0.14	0.14
Add: Estimated incremental tax on restructuring costs (b)	0.03	0.03
Add: Estimated impact of separation-related costs (c)	0.44	0.40
Less: Gain on sale of building (d)	(0.37)	(0.37)
Add: U.S. Federal tax reform adjustment (e)	0.08	0.08
Expected adjusted earnings per share - diluted	<u>\$ 1.70</u>	<u>\$ 1.75</u>

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- (a) Represents the estimated earnings per share impact of estimated costs related to previously announced plans to restructure the specialty fleet and revitalize Gap brand, calculated net of tax at the expected adjusted effective tax rate.
- (b) Represents certain non-cash tax impacts related to expected restructuring charges discussed above.
- (c) Represents the estimated earnings per share impact of estimated costs associated with the planned Old Navy spin-off transaction, calculated net of tax at the expected adjusted effective tax rate.
- (d) The estimated earnings per share impact of the gain on the sale of a building in the first quarter of fiscal 2019, calculated net of tax at the expected adjusted effective tax rate.
- (e) Represents the impact of an adjustment to our fiscal 2017 tax liability for additional guidance issued by the U.S. Treasury Department regarding the TCJA.