

PROJECT - HORIZONTAL AND VERTICAL ANALYSIS

Gap, Inc.-Consolidated Statements of Earnings	Vertical Analysis		Vertical Analysis		Horizontal Analysis	Horizontal Analysis
	2/2/2002	%-2001	2/3/2001	%-2000	\$ Change 2000-2001	% Change 2000-2001
Net Sales	\$13,847,873	100.0%	\$13,673,460	100.0%	(174,413)	-1.3%
Costs and expenses						
Cost of goods sold and occupancy expenses	9,704,389	70.1%	8,599,442	62.9%	(1,104,947)	-12.8%
Operating expenses	3,805,968	27.5%	3,629,257	26.5%	(176,711)	-4.9%
Net interest expense (income)	95,875	0.7%	62,876	0.5%	(32,999)	-52.5%
Earnings before income taxes	241,641	1.7%	1,381,885	10.1%	1,140,244	82.5%
Income taxes	249,405	1.8%	504,388	3.7%	254,983	50.6%
Net earnings	(\$7,764)	-0.1%	\$877,497	6.4%	885,261	100.9%

Gap, Inc.-Consolidated Balance Sheets	Vertical Analysis		Vertical Analysis		Horizontal Analysis	Horizontal Analysis
	2/2/2002	%-2001	2/3/2001	%-2000	\$ Change 2000-2001	% Change 2000-2001
ASSETS						
Current Assets						
Cash and equivalents	\$1,035,749	13.6%	\$408,794	5.8%	(626,955)	-153.4%
Merchandise inventory	1,677,116	22.1%	1,904,153	27.2%	227,037	11.9%
Other current assets	331,685	4.4%	335,103	4.8%	3,418	1.0%
Total current assets	3,044,550	40.1%	2,648,050	37.8%	(396,500)	-15.0%
Property and Equipment						
Leasehold improvements	2,127,966	28.0%	1,899,820	27.1%	(228,146)	-12.0%
Furniture and equipment	3,327,819	43.8%	2,826,863	40.3%	(500,956)	-17.7%
Land and buildings	917,055	12.1%	558,832	8.0%	(358,223)	-64.1%
Construction-in-progress	246,691	3.2%	615,722	8.8%	369,031	59.9%
	6,619,531	87.2%	5,901,237	84.1%	(718,294)	-12.2%
Accumulated depreciation and amortization	(2,458,241)	-32.4%	(1,893,552)	-27.0%	564,689	-29.8%
Property and equipment, net	4,161,290	54.8%	4,007,685	57.1%	(153,605)	-3.8%
Lease rights and other assets	385,486	5.1%	357,173	5.1%	(28,313)	-7.9%
Total assets	\$7,591,326	100.0%	\$7,012,908	100.0%	(578,418)	-8.2%

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities						
Notes payable	\$41,889	0.6%	\$779,904	11.1%	738,015	94.6%
Current maturities of long-term debt	\$0	0.0%	\$250,000	3.6%	250,000	100.0%
Accounts payable	1,105,117	14.6%	1,067,207	15.2%	(37,910)	-3.6%
Accrued expenses and other current liabilities	909,227	12.0%	702,033	10.0%	(207,194)	-29.5%
Total current liabilities	2,056,233	27.1%	2,799,144	39.9%	742,911	26.5%
Long-Term Liabilities						
Long-term debt	1,961,397	25.8%	780,246	11.1%	(1,181,151)	-151.4%
Deferred lease credits and other liabilities	564,115	7.4%	505,279	7.2%	(58,836)	-11.6%
Total long-term liabilities	2,525,512	33.3%	1,285,525	18.3%	(1,239,987)	-96.5%
Shareholders' Equity						
Common stock \$.05 par value						
Authorized 2,300,000,000 shares; issued 939,222,871 and 1,007,356,790 shares; outstanding 853,996,984 and 850,498,941 shares	47,430	0.6%	46,961	0.7%	(469)	-1.0%
Additional paid-in capital	461,408	6.1%	294,967	4.2%	(166,441)	-56.4%

Retained earnings	4,890,375	64.4%	4,974,773	70.9%	84,398	1.7%
Accumulated other comprehensive earnings	(61,824)	-0.8%	(20,173)	-0.3%	41,651	-206.5%
Deferred compensation	(7,245)	-0.1%	(12,162)	-0.2%	(4,917)	40.4%
Treasury stock, at cost	(2,320,563)	-30.6%	(2,356,127)	-33.6%	(35,564)	1.5%
Total shareholders' equity	3,009,581	39.6%	2,928,239	41.8%	(81,342)	-2.8%
Total liabilities and shareholders' equity	\$7,591,326	100.0%	\$7,012,908	100.0%	(578,418)	-8.2%