**GAP INC** Form 4 December 23, 2005

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

**OMB** Number:

3235-0287

Expires:

January 31, 2005

0.5

Estimated average burden hours per

**OMB APPROVAL** 

response...

if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Check this box

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person \* SAGE GAVIN EVA

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol GAP INC [GPS]

(First) (Middle) (Last) 3. Date of Earliest Transaction

Director

(Month/Day/Year)

\_X\_\_ Officer (give title C/O GAP INC., TWO FOLSOM ST 12/22/2005

10% Owner Other (specify

(Check all applicable)

below) EVP, HUMAN RESOURCES

(Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

Applicable Line) \_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

SAN FRANCISCO, CA 94105-1205

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of 2. Transaction Date 2A. Deemed 3. 4. Securities 5. Amount of 6. Ownership 7. Nature of Security (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Securities Form: Direct Indirect (Instr. 3) Code Disposed of (D) Beneficially (D) or Indirect Beneficial (Instr. 3, 4 and 5) (Month/Day/Year) (Instr. 8) Owned (I) Ownership Following (Instr. 4) (Instr. 4)

> Reported (A) Transaction(s)

(Instr. 3 and 4) Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

#### Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5. Number of	6. Date Exercisable and	7. Title and Am
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transacti	orDerivative	Expiration Date	Underlying Sec
Security	or Exercise		any	Code	Securities Acquired	(Month/Day/Year)	(Instr. 3 and 4)

### Edgar Filing: GAP INC - Form 4

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8		(A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code '	V	(A)	(D)	Date Exercisable	Expiration Date	Title	An or Nu of
Stock Option (right to buy) (1) (2)	\$ 7.21	12/22/2005		D			37,500	03/31/2007(3)	03/31/2013	Common Stock	3
Stock Option (right to buy) (1) (2)	\$ 14.41	12/22/2005		A		37,500		03/31/2007(4)	03/31/2013	Common Stock	3

## **Reporting Owners**

Reporting Owner Name / Address	Ketationships					
	Director	10% Owner	Officer	Other		

SAGE GAVIN EVA C/O GAP INC. TWO FOLSOM ST SAN FRANCISCO, CA 94105-1205

EVP, HUMAN RESOURCES

Dalatianshin

## **Signatures**

Frank Garcia by Power of Attorney

orney 12/23/2005

\*\*Signature of Reporting Person Date

# **Explanation of Responses:**

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On Dec 22, 2005, pursuant to the issuer option exchange program, 37,500 options granted to the reporting person on Mar 31, 2003 were cancelled.
- In exchange for the cancelled option, the reporting person receives: 1) 37,500 options with an exercise price equal to the fair market value (2) of the issuer common stock on the original date of grant, 2) an immediate cash payment for any vested portion as of Dec 22, 2005, and 3) a promise for future cash payments on each of the vest dates.
- (3) The original option grant of 50,000 vests in (4) equal annual installments of 12,500 beginning on Mar 31, 2004.
- (4) 12,500 of the new options are vested. The remaining 25,000 options vest in two (2) equal annual installments beginning on Mar 31, 2006. Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Reporting Owners 2