

Funnell Colin
 Form 4
 September 05, 2012

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Funnell Colin

2. Issuer Name and Ticker or Trading Symbol
 GAP INC [GPS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 08/31/2012

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

2 FOLSOM STREET

EVP Global Supply Chain

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 _____ Form filed by More than One Reporting Person

SAN FRANCISCO, CA 94105

(City) (State) (Zip)

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	08/31/2012		M		30,000	A	\$ 22.42
Common Stock	08/31/2012		S		30,000	D	\$ 36.07
Common Stock	09/04/2012		M		54,000	A	\$ 19.68
Common Stock	09/04/2012		S		27,000	D	\$ 35.5956
Common Stock	09/04/2012		S		27,000	D	\$ 35.8287

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Common Stock	09/04/2012	M	15,000	A	\$ 23.07	16,750.3017	D
Common Stock	09/04/2012	S	15,000	D	\$ 35.8826	1,750.3017	D

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

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	Amount or Number of Shares
Non-Qualified Stock Option (Right to Buy)	\$ 22.42	08/31/2012		M	30,000	<u>(1)</u> 03/11/2015	Common Stock	30,000
Non-Qualified Stock Option (Right to Buy)	\$ 19.68	09/04/2012		M	54,000	<u>(1)</u> 03/17/2018	Common Stock	54,000
Non-Qualified Stock Option (Right to Buy)	\$ 23.07	09/04/2012		M	15,000	<u>(2)</u> 03/15/2020	Common Stock	15,000

Reporting Owners

Reporting Owner Name / Address	Relationships
Funnell Colin 2 FOLSOM STREET SAN FRANCISCO, CA 94105	Director 10% Owner Officer EVP Global Supply Chain

Signatures

Marie Ma, Power of Attorney
09/05/2012

__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) This option was fully vested and exercisable.
 - (2) The options under this grant become exercisable in four equal annual installments beginning one year from date of grant. Date of grant is 10 years prior to expiration date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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