

GAP INC
Form 8-K
May 11, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report

(Date of earliest event reported)

May 6, 2005

THE GAP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

1-7562
(Commission File Number)

94-1697231
(IRS Employer Identification No.)

Two Folsom Street

94105

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San Francisco, California
(Address of principal executive offices)

(Zip Code)

(650) 952-4400

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On May 6, 2005, we entered into separate \$125 million 3-Year Letter of Credit Agreements and \$100 million 364-Day Letter of Credit Agreements (collectively, the New LC Agreements) with each of Citibank, N.A., Bank of America, N.A., HSBC Bank USA, National Association and JPMorgan Chase Bank. The New LC Agreements replace the existing Letter of Credit Agreements, dated as of June 23, 2003, among the Company and the LC Subsidiaries named therein on the one hand and each of Citibank, N.A., Bank of America, N.A., HSBC Bank USA, National Association and JPMorgan Chase Bank on the other hand (as amended, the Existing LC Agreements), respectively. All letters of credit outstanding under the Existing LC Agreements are now deemed and will be treated as if issued under the New LC Agreements.

Unlike the Existing LC Agreements, the New LC Agreements are unsecured. However, the New LC Agreements contain financial and other covenants substantially similar to those included in our \$750 million five-year unsecured revolving credit facility dated August 30, 2004, including, but not limited to, limitations on liens and subsidiary debt as well as the maintenance of two financial ratios a fixed charge coverage ratio and a leverage ratio. A violation of these covenants could result in a default under the New LC Agreements, which would permit the participating banks to terminate our ability to request letters of credit and require the immediate posting of cash collateral in support of any outstanding letters of credit. In addition, such a default could, under certain circumstances, permit the holders of our outstanding unsecured debt to accelerate payment of such obligations.

Item 1.02. Termination of a Material Definitive Agreement

Please see the discussion set forth in response to Item 1.01 above.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

Please see the discussion set forth in response to Item 1.01 above.

Item 9.01 Financial Statements and Exhibits

- (10.1) 3-Year LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and Bank of America, N.A., as LC Issuer.
- (10.2) 3-Year LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and JPMorgan Chase Bank, as LC Issuer.
- (10.3) 3-Year LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and HSBC Bank USA, National Association (formerly HSBC Bank USA), as LC Issuer.
- (10.4) 3-Year LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and Citibank, N.A., as LC Issuer.

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- (10.5) 364-Day LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and Bank of America, N.A., as LC Issuer.

- (10.6) 364-Day LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and JPMorgan Chase Bank, as LC Issuer.

- (10.7) 364-Day LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and HSBC Bank USA, National Association (formerly HSBC Bank USA), as LC Issuer.

- (10.8) 364-Day LC Agreement dated as of May 6, 2005 among The Gap, Inc., LC Subsidiaries, and Citibank, N.A., as LC Issuer.

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 hereunto duly authorized.

THE GAP, INC.
(Registrant)

Date: May 11, 2005

By: /s/ Byron H. Pollitt, Jr.

Byron H. Pollitt, Jr.
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX**Exhibit**

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