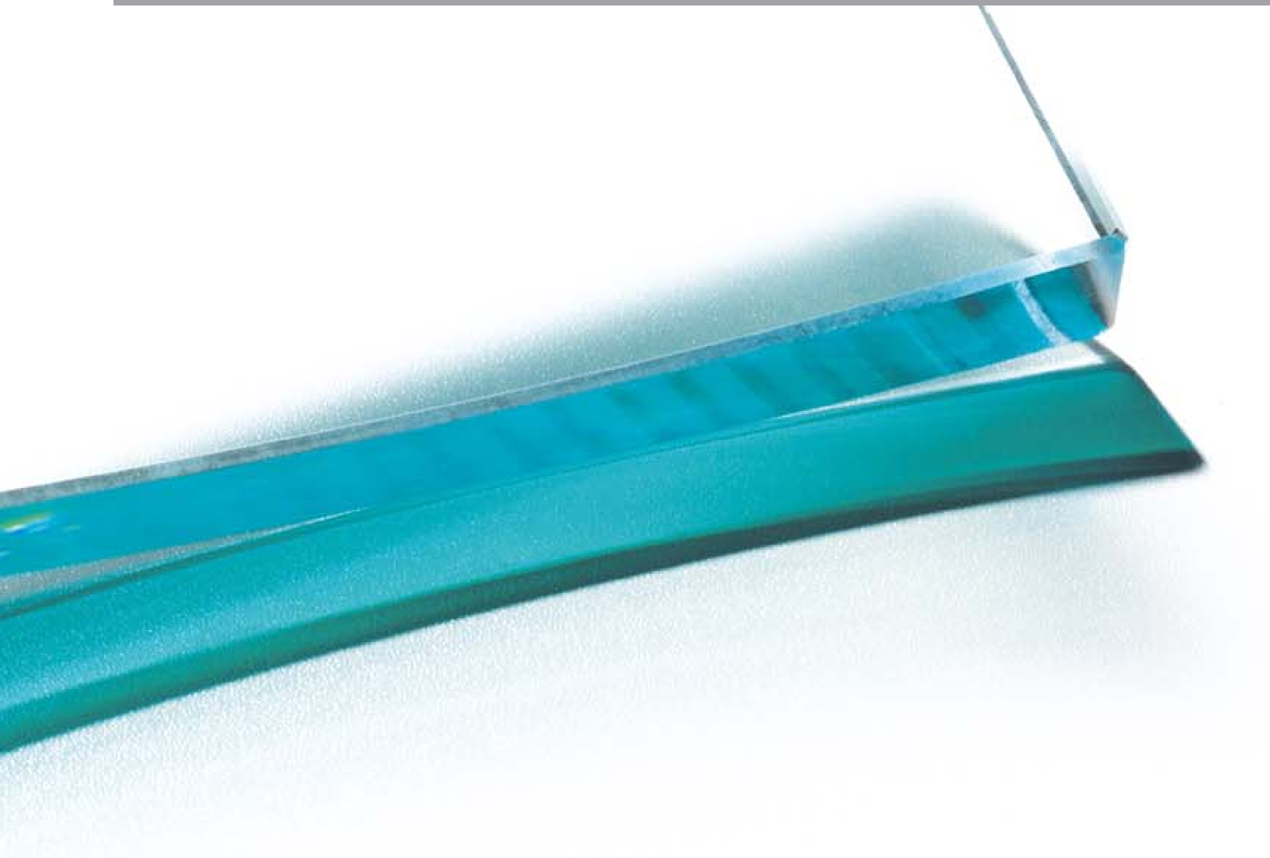
GAM | Holding AG

HALF-YEAR REPORT 2011



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KEY FIGURES H1 2011

	H1 2011	H1 2010	H2 2010	CHANGE FROM H1 2010 IN %	CHANGE FROM H2 2010 IN %
CLIENT ASSETS CHF BN					
Assets under management at the end of the period	113.5	116.6	117.8	-3	-4
Average assets under management	117.8	117.9	118.4	-0	-1
Net new money	0.6	5.6	2.4	-89	-75
INCOME STATEMENT CHF M					
Operating income	324.9	367.9	344.6	-12	-6
Operating expenses	200.2	232.2	233.8	-14	-14
Profit before taxes	**124.7**	**135.7**	**110.8**	**-8**	**13**
Income taxes	24.3	29.4	14.9	-17	63
Underlying net profit[1]	**100.4**	**106.3**	**95.9**	**-6**	**5**
PROFIT BEFORE TAXES PER SEGMENT CHF M					
GAM	64.7	82.4	63.8	-21	1
Swiss & Global Asset Management	55.1	48.1	51.7	15	7
Group functions	4.9	5.2	-4.7	-6	204
Total	**124.7**	**135.7**	**110.8**	**-8**	**13**
KEY PERFORMANCE INDICATORS					
Gross margin (basis points)[2]	55.2	62.4	58.2	-	-
Cost/income ratio	61.6%	63.1%	67.8%	-	-
Pre-tax margin (basis points)[2]	21.2	23.0	18.7	-	-
Return on tangible equity[3]	24.4%	16.8%	18.0%	-	-
PERSONNEL					
Number of full-time employees at the end of the period	1,061	1,042	1,052	2	1
in Switzerland	314	313	313	0	0
abroad	747	729	739	2	1

[1] The net profit for H1 2011 has been adjusted to exclude the reduction in the carrying value of the investment in associates (Artio Global Investors Inc.) of CHF 92.2 million and the amortisation of customer relationships of CHF 5.8 million. Including those non-cash items, the Group's net profit for H1 2011 amounted to CHF 2.4 million, as shown in the Condensed Interim Consolidated Financial Statements.
The net profit for 2010 has been adjusted to exclude the reduction in the carrying value of the investment in associates (Artio Global Investors Inc.) of CHF 180.3 million (recognised in H2 2010) and the amortisation of customer relationships of CHF 11.7 million (H1 2010: CHF 5.8 million, H2 2010: CHF 5.9 million). Including those non-cash items, the Group's net profit for 2010 amounted to CHF 10.2 million (H1 2010: CHF 100.5 million, H2 2010: CHF -90.3 million), as shown in the Condensed Interim Consolidated Financial Statements.

[2] Annualised.

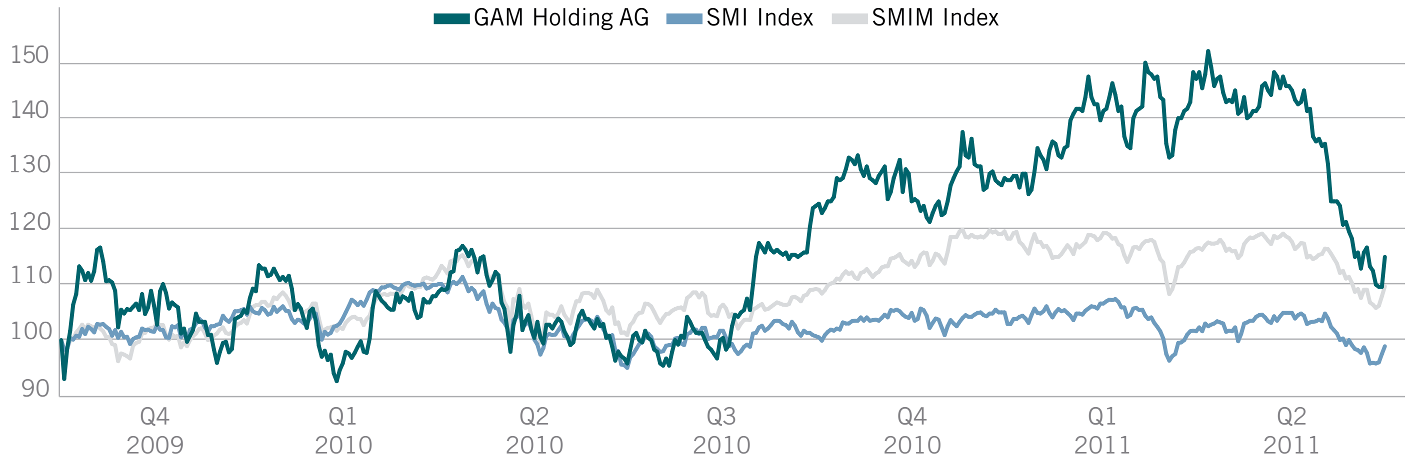
[3] Underlying net profit (annualised) / tangible equity at the end of the period.

	30.06.2011	30.06.2010	31.12.2010	CHANGE FROM 30.06.2010 IN %	CHANGE FROM 31.12.2010 IN %

BALANCE SHEET CHF M

	30.06.2011	30.06.2010	31.12.2010	CHANGE FROM 30.06.2010 IN %	CHANGE FROM 31.12.2010 IN %
Total assets	2,575.8	3,042.3	2,883.0	-15	-11
Total equity	2,200.6	2,659.6	2,451.7	-17	-10
Tangible equity[1]	821.6	1,268.9	1,066.8	-35	-23

SHARE PRICE PERFORMANCE OF GAM HOLDING AG (INDEXED)



TICKER SYMBOLS

Swiss securities number	10265962
ISIN	CH0102659627
Listing	SIX Swiss Exchange and a component of the Swiss Market Index Mid (SMIM)

SHARE INFORMATION CHF

	H1 2011	H1 2010	H2 2010	CHANGE FROM H1 2010 IN %	CHANGE FROM H2 2010 IN %
EPS[2]	0.54	0.54	0.49	0	10
Book value at the end of the period[3]	4.51	6.40	5.65	-30	-20
Closing price	13.80	11.75	15.45	17	-11
High price	18.25	14.04	16.50	-	-
Low price	13.15	11.11	11.45	-	-
Market capitalisation at the end of the period (CHF m)	2,852	2,428	3,192	17	-11
Weighted average number of shares outstanding	187,010,439	198,133,065	194,456,119	-6	-4

[1] Total equity excluding goodwill, customer relationships and brand.
[2] Underlying net profit / weighted average number of shares outstanding.
[3] Tangible equity / number of shares outstanding at the end of the period.

GAM HOLDING AG AT A GLANCE

WHO WE ARE

- An independent asset management business borne out of the successful separation of Julius Baer in September 2009
- Listed on the SIX Swiss Exchange but with a strong global presence, employing over 1,000 staff in 11 countries
- Comprises the distinct but complementary businesses, GAM and Swiss & Global Asset Management, both dedicated to delivering superior long-term performance for clients through active asset management and an absolute focus on quality
- Offers a diversified range of investment products and services to institutions, intermediaries, private clients and charities

GAM HOLDING AG

BOARD OF DIRECTORS

Johannes A. de Gier – Chairman
Daniel Daeniker
Diego du Monceau
Dieter A. Enkelmann
Hugh Scott-Barrett

EXECUTIVE BOARD

Johannes A. de Gier – CEO
Andrew M. Wills – Group CFO
Scott Sullivan – Group General Counsel

OPERATING BUSINESSES

GAM

David M. Solo
– CEO, GAM

SWISS & GLOBAL ASSET MANAGEMENT

David M. Solo
– CEO, Swiss & Global Asset Management

LETTER FROM THE CHAIRMAN AND CEO

Johannes A. de Gier : Chairman and CEO, GAM Holding AG

DEAR READER

Despite very challenging business conditions, our Group reported good results for the first half of 2011, with profitability remaining robust and our operating businesses making steady progress on their strategic priorities.

Effective cost control was particularly important in light of a marked slowdown in net new money inflows and a decline in revenues.

During the first six months of 2011, financial markets were dominated by widespread concerns over sovereign debt as well as broader macroeconomic and geopolitical uncertainty, which together created an environment of fluctuating investor sentiment and risk aversion. Many market participants turned to the Swiss franc as a safe haven currency, causing it to strengthen considerably against the US dollar, euro and British pound. These developments had a significant impact on our Group's half-year results, which are reported in Swiss francs despite much of our business being in other currencies. Specifically, foreign exchange movements reduced the Group's assets under management by CHF 4.9 billion to CHF 113.5 billion, a fall of 4% since December 2010, as the majority of our asset base is denominated in other currencies than the Swiss franc – mainly US dollars, euros and, to a lesser extent, British pounds.

The Group's underlying net profit for the first half of 2011 was CHF 100.4 million, 5% higher than in the second half of 2010, but 6% below that reported during the first half of 2010 – a period that saw very strong levels of performance fees on our fixed income products. Costs were tightly managed, with variable compensation declining in line with lower revenues and a reduced impact from the amortisation of costs associated with the options awarded to staff under our long-term incentive plan.

When preparing our results for the first half of 2011, we reviewed the value of our 28% stake in the US-based investment manager, Artio Global Investors Inc., which we hold as a financial investment. Based on an impairment test conducted according to IFRS and triggered by a continued fall in Artio's share price, we decided that a more conservative valuation was appropriate. The resulting non-cash charge of CHF 92.2 million is excluded from underlying net profit.

Both our operating businesses – GAM and Swiss & Global Asset Management – recorded positive net inflows during the first six months of 2011, although levels of net new money were generally subdued, reflecting the fragility of investor sentiment. Overall, the Group's net new money inflows for the first six months of 2011 totalled CHF 0.6 billion. Redemptions were concentrated in GAM's private client business, particularly in our multi-strategy offshore fund of hedge funds and managed portfolios, reflecting the shift in private client preferences towards onshore, single manager funds –

a trend we successfully anticipated by evolving our business mix from late 2009 onwards. In contrast, inflows showed a much broader spread, highlighting the success of our efforts to diversify our products and distribution channels, which have been a key part of our strategy over the past two years.

Inevitably, a resumption of net new money inflows more in line with our mid-term targets will be dependent on a return to normalised levels of investor engagement and activity. The timing of such developments is always difficult to predict. However, our operating businesses are well-prepared to take advantage of a turn-around in investor confidence, thanks to their increasingly diversified offerings which allow them to address a broad range of topical issues for clients across all segments. Over time, their ongoing expansion in key markets is expected to unlock further growth potential.

In difficult times it is important that we retain discipline and continuity in managing our businesses. We are fully committed to remaining an attractive home for investment management talent and a reliable, intellectually honest partner for our clients. True – our industry faces a number of short-term headwinds, but I am convinced that our business model is one that will enable us to capture the benefits of secular global trends, which remain attractive. Liquidity, diversification and strong risk management will continue to be top priorities for investors, particularly in light of the challenges ahead. With macroeconomic and financial market developments eroding the value of savings and investments globally, the need for asset growth and capital protection will be greater than ever. As a pure-play asset management group we have the skills and pre-requisites to capitalise on these opportunities if we focus on our core strengths: active investing, flexibility and operational excellence. These will set us apart from other market participants who may not have the culture and structure that facilitate conviction investing, putting them under increasing pressure from lower-cost passive asset management solutions.

Further consolidation in our industry is inevitable, even if its pace is currently slowed by other, more pressing issues affecting the financial system. Our balance sheet strength gives us the option to take advantage of growth opportunities as they arise. But, as I commented in March when we released our 2010 results, as well as at our Annual General Meeting in April, we will not consider an acquisition that is anything less than financially accretive and strategically compelling – even if that requires patience.

We expect the investment environment to remain turbulent for the remainder of the year. The fact that our asset and revenue base is reported in the Swiss franc, which has continued to strengthen considerably against the US dollar and the euro since the beginning of July, creates a significant hurdle for the growth of our bottom-line profit, despite the positive development of the actual underlying businesses. In the meantime, our staff and management teams remain dedicated to delivering value for our clients – and this, to me, is the key ingredient of our Group's success, determining our ability to navigate through challenging times and to generate attractive returns for our shareholders across market conditions.

Johannes A. de Gier

Chairman and CEO, GAM Holding AG
Zurich, August 2011

H1 2011 RESULTS IN BRIEF

- Group **assets under management** of CHF 113.5 billion, 4% lower than at year-end 2010 due to the strengthening of Swiss franc reporting currency
- Muted **net new money inflows** of CHF 0.6 billion, with positive contributions from both GAM and Swiss & Global Asset Management
- Solid profitability maintained, with **underlying net profit** of CHF 100.4 million, reflecting attractive margins and flexible cost base
- Balance sheet remains strong with **tangible equity** of CHF 0.8 billion; new **share buy-back programme** started on 9 May 2011, resulting in 2% of outstanding shares re-purchased by end of June 2011

GROUP PERFORMANCE REVIEW

Andrew M. Wills : Group Chief Financial Officer, GAM Holding AG

GROUP AUM AND NET NEW MONEY

Group **assets under management** were CHF 113.5 billion[1] at the end of June 2011, down by CHF 4.3 billion (-4%) from year-end 2010. This decrease was fully attributable to the appreciation of our Swiss franc reporting currency against the currencies in which the majority of our asset base is denominated: during the first half of 2011, the Swiss franc gained almost 10% against the US dollar, over 2% against the euro and more than 7% against the British pound. In total, the negative effect from foreign exchange movements reduced the Group's asset base by CHF 4.9 billion, with a particularly marked impact in the second quarter. The overall influence of market performance was neutral.

The Group's **net new money** inflows for the first six months of 2011 were muted, as the fragility of investor sentiment inevitably reduced risk appetite. At CHF 0.6 billion[1], net new money inflows were lower than those recorded last year (CHF 5.6 billion in the first half of 2010, CHF 2.4 billion in the second half of the year). However, both operating businesses recorded net inflows for the first half of 2011 – GAM of CHF 0.4 billion and Swiss & Global Asset Management of CHF 1.3 billion. Inflows were partly offset by private client redemptions from investments in GAM's multi-strategy offshore fund of hedge funds and managed portfolios held by our historic private banking partners. In contrast, inflows during the period were spread across a much broader range of channels and products, highlighting the benefits of the diversification strategy that both businesses have been consistently pursuing over the past two years. Net inflows were recorded into our broad fixed income range, emerging market strategies, equity products and physical precious metal funds, as well as into Swiss & Global Asset Management's differentiated private label funds business.

GROUP FINANCIAL RESULTS

The Group's **operating income** for the first half of 2011 totalled CHF 324.9 million. The decrease of 12% from the same period a year ago compares to a 17% decline in the average US dollar rate and a 12% decline in the average euro rate year-on-year. Net fee and commission income was only marginally down (-1%) since the average asset base for the period was practically unchanged from a year ago. Performance fees, mainly reported at GAM, were CHF 15.6 million, significantly lower than the CHF 57.7 million recorded in the first six months of 2010 when our fixed income range saw outstanding growth combined with strong investment performance. This led to a decrease in the Group's **gross margin** from 62.4 basis points in the first half of 2010 to 55.2 basis points. Excluding performance fees, the gross margin remained unchanged from the first half of 2010.

Income from investment in associates, relating to our 28% stake in Artio Global Investors Inc., which we continue to hold as a financial investment, decreased by 24% to CHF 12.4 million. This income is derived from publicly available financial information and was particularly affected by the weakening of the US dollar against the Swiss franc. Other operating income – which includes foreign exchange gains from hedging activities undertaken with respect to our currency exposure – rose by CHF 5.4 million year-on-year to reach CHF 13.1 million.

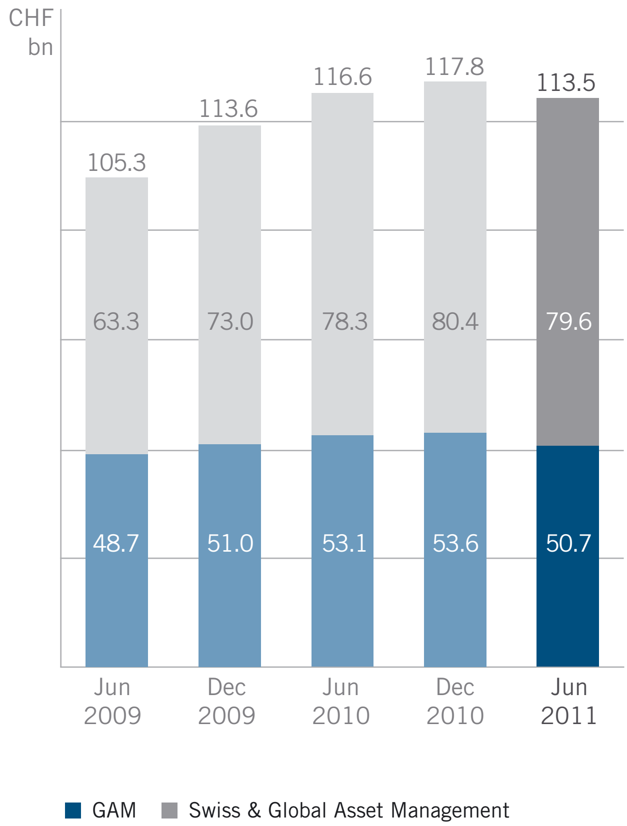
[1] Group assets under management and net new money totals exclude the funds advised by GAM and distributed by Swiss & Global Asset Management, which are reported in both businesses. Including these assets, Group assets under management would have been CHF 130.3 billion as at 30 June 2011 and net new money inflows CHF 1.8 billion in the first six months of the year.

Operating expenses fell to CHF 200.2 million, a 14% reduction from the first half of 2010. Personnel expenses were down by 15%, reflecting a fall in contractual-based compensation to our investment professionals on the back of lower performance fees, and smaller non-cash IFRS 2 charges relating to options awarded to all Group employees under the 2009 long-term incentive plan. These non-cash charges are amortised over the relevant vesting periods of the grants and amounted to CHF 8.8 million in the first half of 2011 compared to CHF 18.3 million a year earlier. General expenses declined by 12%, reflecting the release of provisions (CHF 4 million) and cost discipline, although we expect a modest increase in the second half of 2011 following the relocation of Swiss & Global Asset Management to its new headquarters. The decline in most cost categories was also supported by currency movements, as a proportion of our operating expenses is incurred in British pounds, which fell by 12% year-on-year against the Swiss franc, based on its average exchange rate during the period.

The Group's **cost/income ratio** for the first half of 2011 was 61.6%, down from 63.1% a year ago, reflecting cost control as well as the impact from non-recurring factors such as the release of provisions and gains on our currency hedges for the current fiscal year. Absent a weakening of the Swiss franc, we expect the cost/income ratio for the Group to increase in future periods.

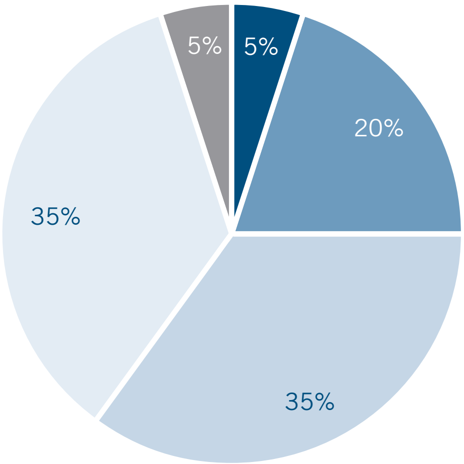
For the first six months of 2011, the Group incurred a **tax expense** of CHF 24.3 million, reflecting an effective tax rate of 19.5%, compared to the previous year's rate of 21.6%. The tax rate was positively influenced by a lower share of taxable profits and higher tax deductions for share-based payments in the UK. The latter were driven by a rise in the Group's share price compared to the first half of 2010. Our tax rate for the remainder of the year will depend to a great extent on the development of our share price, with a falling share price increasing our tax rate.

GROUP AUM : CHF 113.5 BN[1] :
AS OF 30 JUNE 2011



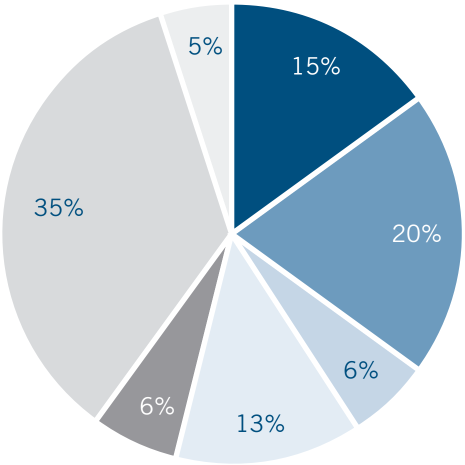
[1] Group assets under management exclude double-count of funds advised by GAM and distributed by Swiss & Global Asset Management (CHF 16.8 billion as at 30 June 2011).

GROUP AUM BY CLIENTS[1] : AS OF 30 JUNE 2011



	30.06.2011	31.12.2010	30.06.2010
Private clients	5%	6%	7%
Institutional clients	20%	20%	19%
Wholesale fund distribution	35%	34%	33%
Private label funds	35%	34%	34%
Managed portfolios & composites	5%	6%	7%

GROUP AUM BY PRODUCTS[1] : AS OF 30 JUNE 2011



	30.06.2011	31.12.2010	30.06.2010
Equity	15%	15%	14%
Fixed income	20%	20%	19%
Commodities	6%	5%	5%
Absolute return single manager	13%	12%	12%
Multi-manager	6%	8%	9%
Private label funds	35%	34%	34%
Managed portfolios & composites	5%	6%	7%

[1] Group assets under management exclude CHF 16.8 billion of funds advised by GAM and distributed by Swiss & Global Asset Management.

CONSOLIDATED INCOME STATEMENT

	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	CHANGE FROM H1 2010 IN %
Net fee and commission income	283.8	286.1	284.3	-1
Performance fees	15.6	57.7	31.8	-73
Income from investment in associates	12.4	16.4	11.1	-24
Other operating income	13.1	7.7	17.4	70
Operating income	**324.9**	**367.9**	**344.6**	**-12**
Personnel expenses	146.6	171.9	162.6	-15
General expenses	50.3	56.9	67.6	-12
Depreciation and amortisation	3.3	3.4	3.6	-3
Operating expenses	**200.2**	**232.2**	**233.8**	**-14**
Profit before taxes	**124.7**	**135.7**	**110.8**	**-8**
Income taxes	24.3	29.4	14.9	-17
Underlying net profit[1]	**100.4**	**106.3**	**95.9**	**-6**

[1] The net profit for H1 2011 has been adjusted to exclude the reduction in the carrying value of the investment in associates (Artio Global Investors Inc.) of CHF 92.2 million and the amortisation of customer relationships of CHF 5.8 million. Including those non-cash items, the Group's net profit for H1 2011 amounted to CHF 2.4 million, as shown in the Condensed Interim Consolidated Financial Statements.
The net profit for 2010 has been adjusted to exclude the reduction in the carrying value of the investment in associates (Artio Global Investors Inc.) of CHF 180.3 million (recognised in H2 2010) and the amortisation of customer relationships of CHF 11.7 million (H1 2010: CHF 5.8 million, H2 2010: CHF 5.9 million). Including those non-cash items, the Group's net profit for 2010 amounted to CHF 10.2 million (H1 2010: CHF 100.5 million, H2 2010: CHF -90.3 million), as shown in the Condensed Interim Consolidated Financial Statements.

The Group's **underlying net profit** for the first half of 2011 fell 6% year-on-year to CHF 100.4 million. This result excludes a reduction in the carrying value of our participation in Artio Global Investors Inc.[2], which led to a non-cash charge of CHF 92.2 million, and the amortisation of customer relationships of CHF 5.8 million. Including these two non-cash items, the Group's net profit for the first half 2011, as reported in accordance with IFRS, amounted to CHF 2.4 million (CHF 100.5 million in the first half of 2010).

Earnings per share were CHF 0.54, unchanged from the previous year, as the 6% decline in the weighted average number of shares outstanding – a result of the increase in our treasury share position – counteracted the decrease in underlying net profit.

Also based on underlying net profit, the Group's annualised **return on tangible equity** rose to 24.4% (compared to 16.8% for the first half of 2010), driven by a 35% reduction in tangible equity.

[2] Please refer to Note 5 of GAM Holding AG's Condensed Interim Consolidated Financial Statements for details on the adjustment of the carrying value in the investment in associates (Artio Global Investors Inc.).

CONSOLIDATED BALANCE SHEET

	30.06.2011 CHF M	31.12.2010 CHF M	30.06.2010 CHF M	CHANGE FROM 31.12.2010 IN %
Cash and cash equivalents	644.3	819.1	794.7	-21
Financial investments	111.0	119.5	78.0	-7
Investment in associates	194.3	306.3	477.6	-37
Other assets	247.2	253.2	301.3	-2
Goodwill, customer relationships and brand	1,379.0	1,384.9	1,390.7	-0
Total assets	**2,575.8**	**2,883.0**	**3,042.3**	**-11**
Debt	63.0	63.2	95.1	-0
Other liabilities	312.2	368.1	287.6	-15
Total liabilities	**375.2**	**431.3**	**382.7**	**-13**
Share capital	10.3	10.3	10.3	0
Treasury shares	-360.6	-248.2	-127.1	-45
Other equity components	2,550.9	2,689.6	2,776.4	-5
Total equity	**2,200.6**	**2,451.7**	**2,659.6**	**-10**
Total liabilities and equity	**2,575.8**	**2,883.0**	**3,042.3**	**-11**
Tangible equity[1]	821.6	1,066.8	1,268.9	-23

[1] Total equity excluding goodwill, customer relationships and brand.

GROUP BALANCE SHEET

Total assets for the Group as at 30 June 2011 were CHF 2,575.8 million, including CHF 1,379.0 million relating to the GAM goodwill, customer relationships and brand.

Our **cash position** at the end of June 2011 amounted to CHF 644.3 million, after the dividend payment of CHF 94.1 million for the 2010 financial year and the buy-back of our own shares both for the purposes of hedging our economic exposure to the options granted under the 2009 long-term incentive plan and for cancellation as part of our ongoing buy-back programme. Accrued expenses and deferred income (reported under **other liabilities**) fell by 18% compared to year-end 2010, in line with the regular cycle of our operating businesses and following bonus payments for the 2010 financial year.

The carrying value of our participation in Artio Global Investors Inc., reported as **investment in associates**, was reduced to CHF 194.3 million as at 30 June 2011, based on the outcome of an impairment test performed according to IFRS[3]. The related non-cash charge of CHF 92.2 million is reflected in the Group's Consolidated Income Statement for the first half of 2011. Also in line with IFRS, the unrealised impact of the US dollar depreciation on the value of our participation in Artio as at 30 June 2011, amounting to CHF 30.4 million, was recorded through equity.

[3] Please refer to Note 5 of GAM Holding AG's Condensed Interim Consolidated Financial Statements for details on the adjustment of the carrying value in the investment in associates (Artio Global Investors Inc.).

CAPITAL MANAGEMENT

Our capital management strategy is based on a firm commitment to deploying our capital in a disciplined way so as to maximise shareholder value in the long term whilst retaining our balance sheet strength. Capital exceeding regulatory requirements and not required for the growth of our businesses – organic or through acquisitions – will be returned to our shareholders, either through dividends or the repurchase of our publicly listed shares.

Total equity as at 30 June 2011 amounted to CHF 2,200.6 million. Excluding the GAM goodwill, customer relationships and brand, our **tangible equity** stood at CHF 821.6 million compared to CHF 1,066.8 million as at 31 December 2010. This decrease was mainly driven by the dividend payment for the 2010 financial year, the reduction in the carrying value of Artio and the increase in our treasury share position.

The regulatory capital requirements of the Group, calculated by aggregating all of the regulatory requirements of the operating businesses, amounted to approximately CHF 70 million as at 30 June 2011.

RECENT CORPORATE ACTIONS

After receiving shareholder approval at the Annual General Meeting (AGM) on 19 April 2011, we paid an annual dividend for the 2010 financial year of CHF 0.50 per share, resulting in a total payment to shareholders of CHF 94.1 million. This distribution was made from contributed capital reserves and was exempt from Swiss withholding tax of 35%, and from income tax for private investors resident in Switzerland.

At the same AGM, our shareholders approved the cancellation of a total of 10,330,756 shares repurchased under our 2010 share buy-back programme. The shares were cancelled on 20 July 2011.

TREASURY SHARES

IFRS requires a company that holds its own shares for trading or non-trading purposes to record those shares as treasury shares and deduct them from shareholders' equity.

Our holding of own shares rose to 24.6 million or 11.9% of shares in issue on 30 June 2011 compared to 17.9 million, or 8.7% on 31 December 2010, resulting from an increase in shares held as an economic hedge in respect of our exposure to options granted under the 2009 long-term incentive plan and shares repurchased for cancellation under our current 2011–2014 buy-back programme.

Of the treasury shares held on 30 June 2011, 10.3 million were held as an economic hedge in respect of our exposure to options granted under the 2009 long-term incentive plan. Unlike the shares repurchased under the buy-back programmes, these shares are not due to be cancelled. In addition to these treasury shares, the hedge also consists of a total return swap over 2.7 million of GAM Holding AG's shares, and in total equates to 6.3% of shares in issue (6.6% in July 2011 after the cancellation of shares bought back under the 2010 programme).

CURRENT SHARE BUY-BACK PROGRAMME 2011 – 2014

At the April 2011 AGM, shareholders approved a new share buy-back programme for the purposes of capital reduction. The new programme authorises the repurchase of up to 41.3 million shares for subsequent cancellation and is scheduled to run for a maximum period of three years. While its introduction creates additional flexibility in the management of the Group's capital, the Board of Directors reconfirmed its commitment to maintaining a strong balance sheet and its ambitions to expand the Group through organic growth or via targeted acquisitions should compelling opportunities arise.

We initiated share buy-backs under the new programme over a second trading line at the SIX Swiss Exchange starting on 9 May 2011 and, by the end of June 2011, had re-purchased approximately 4.0 million shares at an average price of CHF 16.40, representing a total value of CHF 65.4 million. Shareholders will be asked at future AGMs to approve the cancellation of repurchased shares. As stated in March 2011, buy-backs are funded from capital contribution reserves, making the programme more attractive to both institutional and private shareholders than traditional repurchase schemes.

OPERATING BUSINESSES : GAM

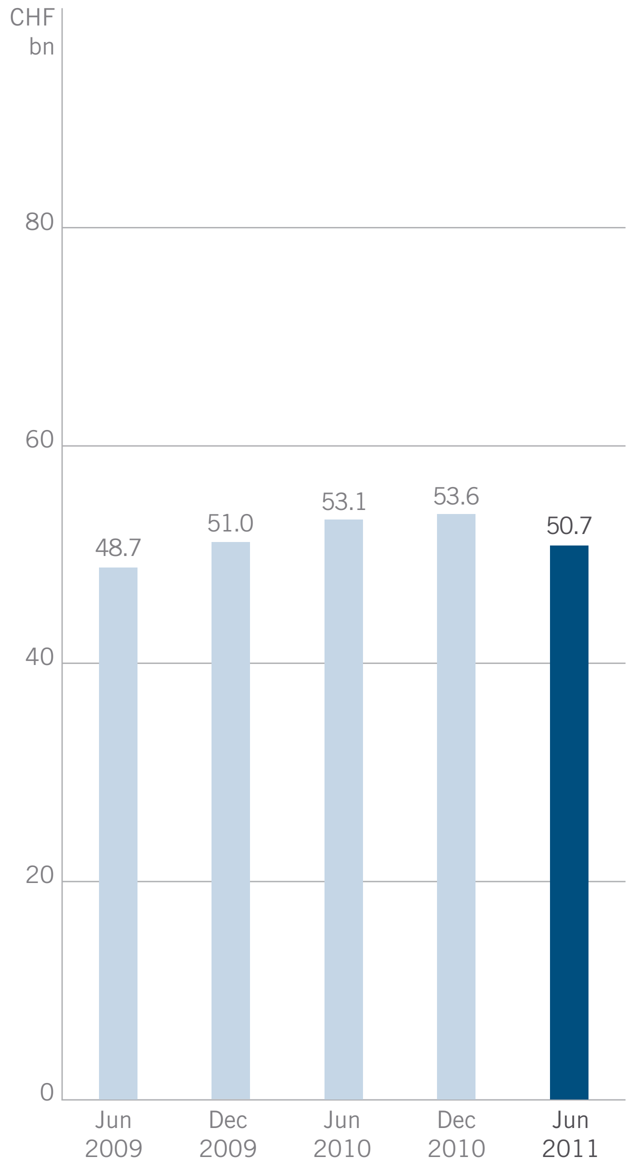
RESULTS H1 2011

- Negative impact of CHF 3.7 billion on **assets under management** from strengthening of our Swiss franc reporting currency against US dollar, British pound and euro
- **Net new money** of CHF 0.4 billion, compared to CHF 3.7 billion in H1 2010 and CHF 2.2 billion in H2 2010
- Medium-term net new money target of 6–10% of AUM achievable, subject to recovery of investor engagement and client activity
- **Pre-tax profit** down 21% year-on-year to CHF 64.7 million, reflecting sharp fall in performance fees, which outpaced lower personnel and general expenses
- **Gross margin** of 73.6 basis points, in line with GAM's expected medium-term run rate of 73–80 basis points
- **Cost/income ratio** of 67.0%, above 60–65% range targeted over the medium term
- Strong long-term **performance track record** maintained across strategies, despite challenging markets in H1 2011

GAM AT A GLANCE

- Approximately 60 investment strategies across traditional and alternative styles
- Equity, fixed income, absolute return and funds of hedge funds strategies
- Discretionary portfolio management services and tailored investment solutions
- Over 750 full-time staff in nine locations globally

GAM : TOTAL AUM : CHF 50.7 BN



AS OF 30 JUNE 2011

OPERATING BUSINESSES : SWISS & GLOBAL ASSET MANAGEMENT

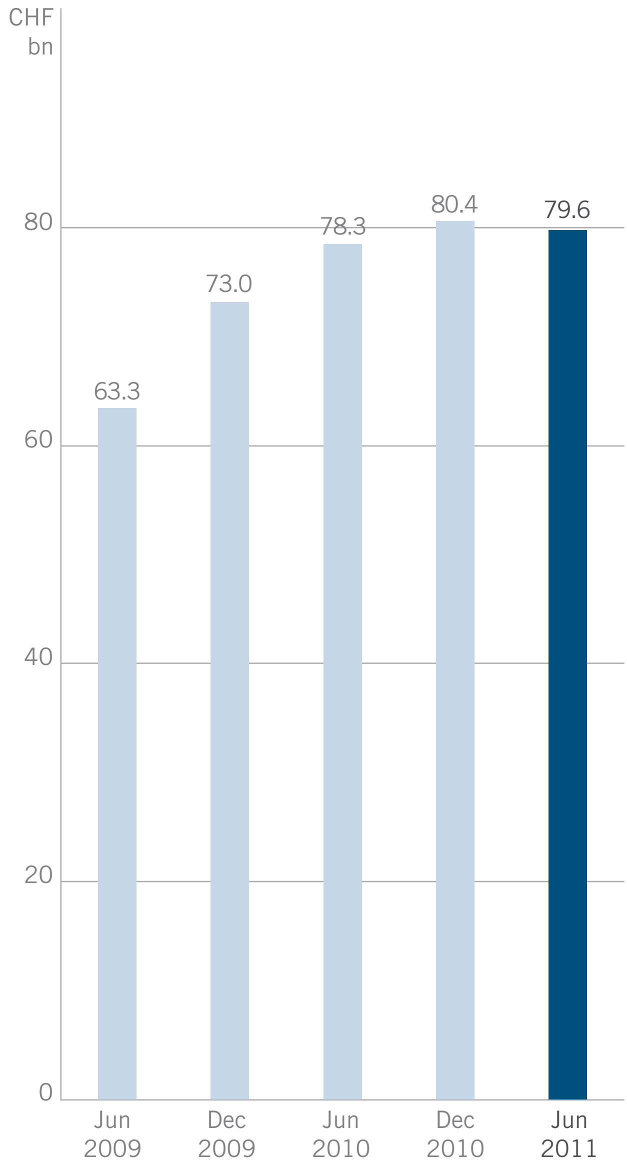
RESULTS H1 2011

- Negative impact of CHF 2.2 billion on **assets under management** from strengthening of our Swiss franc reporting currency against US dollar and euro
- **Net new money** of CHF 1.3 billion, compared to CHF 7.4 billion in H1 2010 and CHF 2.3 billion in H2 2010
- Medium-term net new money target of 8–12% of AUM achievable, subject to recovery of investor confidence in key markets
- Solid profitability with **pre-tax profit** up 15% year-on-year to CHF 55.1 million
- Slightly improved **gross margin** of 28.0 basis points, in line with expected medium-term run rate of 26–29 basis points
- **Cost/income ratio** of 51.7%, expected to move into medium-term target range of 53–58% with the significant strengthening of the Swiss franc
- Medium-term **performance track record** of funds and mandates improved

SWISS & GLOBAL ASSET MANAGEMENT AT A GLANCE

- Exclusive manager of Julius Baer fund range, comprising over 100 products ranging from traditional to theme-based funds
- Equity, fixed income, commodities and absolute return strategies
- Tailored solutions for institutional clients; private label funds business for third-party asset managers
- Over 280 full-time staff in eight locations globally

SWISS & GLOBAL ASSET MANAGEMENT : TOTAL AUM : CHF 79.6 BN



AS OF 30 JUNE 2011

GAM

BUSINESS UPDATE

ONGOING DIVERSIFICATION AND EVOLUTION OF PRODUCT RANGE

With investors continuing to favour tax-efficient, regulated investment structures, our product initiatives remain focused on the development and innovation of our onshore offering. Since December 2010, we expanded our sizeable UCITS range with the launch of five new strategies, resulting in strong investor interest from a range of client segments. Additions included thematic strategies (inflation and pricing power, global technology) as well as our first UCITS fund of funds focused on macro strategies.

We continued to pursue our policy of making successful strategies available in a variety of fund structures in order to address a wider range of markets and client requirements. As such, new versions of some of our most differentiated offerings – including our discretionary fixed income and currency offering and our catastrophe bonds mandate – were launched to meet client demand. In addition, a number of our US equity, Asian equity and credit strategies are expected to be made available in the onshore market for the first time in the coming months.

In our Managed Portfolios business, efforts were focused on enhancing our existing offering in order to cater to an increasingly onshore and advisory-oriented client base. As such, we launched a further two UCITS III strategies and continued to streamline our product set to focus on absolute return-oriented strategies, which are our traditional area of strength.

EXPANSION OF DISTRIBUTION CAPABILITIES

During the period, we continued to build our presence in the US and European institutional market and are increasingly gaining recognition with pension fund consultants for our absolute return-oriented products, and more recently for our attractive fixed income offering. In particular we are benefiting from a growing trend towards sophistication and diversification amongst investment consultants and their clients, who are becoming increasingly open to complementing or replacing their traditional bond allocations with investments in unconstrained and specialist fixed income mandates, in which GAM has particular expertise. Our leading absolute return fixed income strategy is now offered in the form of an SEC fund for the first time, and is therefore available to US taxable investors, following our appointment as a sub-advisor to a third-party fund marketed in the US.

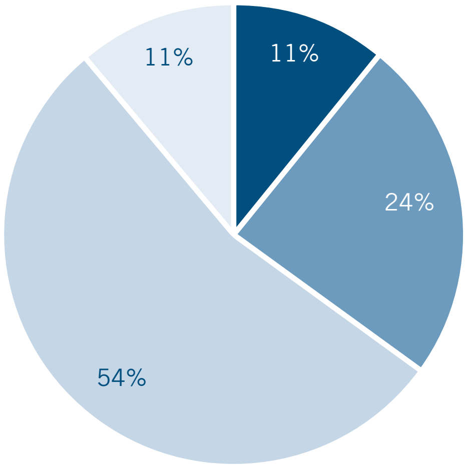
We are continuing to gain traction in the Japanese wholesale market, where we are focusing on building relationships with the key investment houses and distributors. In particular, our range of newer strategies – for example, our global and emerging market fixed income absolute return strategies – are proving to be relevant and attractive to clients in this market.

The changing landscape of the UK independent financial advisory (IFA) marketplace is expected to offer GAM some opportunities, partly as a consequence of regulatory developments such as the Retail Distribution Review. We are using our existing investment capabilities to develop a quality and competitive discretionary fund management (DFM) service and are also making some of our most competitive single-strategy products available to this market segment.

Our efforts to expand our wholesale business into newer markets, such as Italy, France and Germany, are gaining traction, with a number of new distribution agreements expected to generate sales in our UCITS offerings.

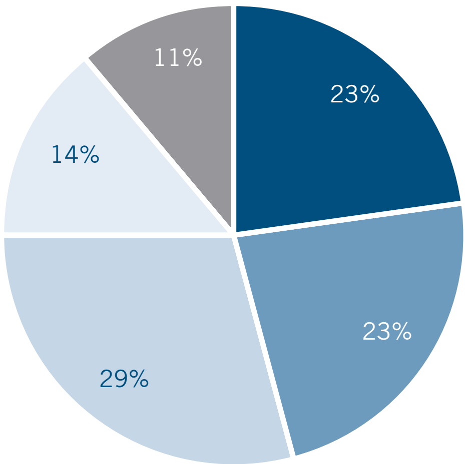
Our private client business has been increasing its focus on direct distribution of managed portfolios, particularly in the UK and Continental Europe. Our focus on high-net-worth individuals and their advisors is also proving successful in Israel and the Caribbean, where the appointment of dedicated sales personnel has helped to strengthen our presence.

GAM AUM BY CLIENTS : AS OF 30 JUNE 2011



	30.06.2011	31.12.2010	30.06.2010
Private clients	11%	13%	16%
Institutional clients	24%	22%	20%
Wholesale fund distribution	54%	52%	49%
Managed portfolios & composites	11%	13%	15%

GAM AUM BY PRODUCTS : AS OF 30 JUNE 2011



	30.06.2011	31.12.2010	30.06.2010
Equity	23%	22%	19%
Fixed income	23%	22%	18%
Absolute return single manager	29%	26%	27%
Multi-manager	14%	17%	21%
Managed portfolios & composites	11%	13%	15%

GAM : KEY FIGURES[1]

	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	CHANGE FROM H1 2010 IN %	CHANGE FROM H2 2010 IN %
Net fee and commission income	173.7	186.5	180.7	-7	-4
Performance fees	14.4	54.0	29.7	-73	-52
Other operating income	7.8	3.3	16.1	136	-52
Operating income	**195.9**	**243.8**	**226.5**	**-20**	**-14**
Personnel expenses	104.2	129.9	120.7	-20	-14
General expenses	24.1	28.3	38.9	-15	-38
Depreciation and amortisation	2.9	3.2	3.1	-9	-6
Operating expenses	**131.2**	**161.4**	**162.7**	**-19**	**-19**
Profit before taxes	**64.7**	**82.4**	**63.8**	**-21**	**1**
Assets under management at the end of the period (CHF bn)[2]	**50.7**	**53.1**	**53.6**	**-5**	**-5**
Change through net new money	*0.4*	*3.7*	*2.2*	*-89*	*-82*
Change through market appreciation and currency movements	*-3.3*	*-1.7*	*-1.7*	*-94*	*-94*
Average assets under management (CHF bn)	53.2	53.8	53.9	-1	-1
Gross margin (basis points)[3]	73.6	90.6	84.1	-	-
Cost/income ratio	67.0%	66.2%	71.8%	-	-
Pre-tax margin (basis points)[3]	24.3	30.6	23.7	-	-
Number of full-time employees at the end of the period	**762**	**750**	**757**	**2**	**1**

1 Excludes the amortisation of customer relationships of CHF 5.8 million for H1 2011. Please refer to Note 6 of GAM Holding AG's Condensed Interim Consolidated Financial Statements for a full breakdown of segmental reporting.
2 Included in GAM's assets under management, on a single-count basis, are assets sourced from **UBS** of **CHF 4.4 billion** (31.12.2010: CHF 5.5 billion) and from **Julius Baer** of **CHF 1.6 billion** (31.12.2010: CHF 2.2 billion).
3 Annualised.

PERFORMANCE H1 2011

ASSETS UNDER MANAGEMENT AND NET NEW MONEY

GAM's **assets under management** were CHF 50.7 billion as at 30 June 2011, down from CHF 53.6 billion at year-end 2010, driven by a substantial negative impact from foreign exchange movements of CHF 3.7 billion. The effect of market performance during the period was slightly positive at CHF 0.4 billion.

Net new money inflows for the six months of 2011 totalled CHF 0.4 billion, compared to CHF 3.7 billion in the first half of 2010 and CHF 2.2 billion in the second half of 2010.

The ongoing shift in private client preferences away from traditional multi-strategy offshore funds of hedge funds and the related attrition from GAM's managed portfolios held by historic partner private banking channels were counteracted by net inflows from a wide range of other distribution channels. These included successful mandate wins with institutions worldwide across a number of fixed income strategies, equity products (both long-only and absolute return) as well as multi-manager strategies.

As anticipated, private investors continued to show a preference for our single manager and tax-efficient onshore UCITS III products, which are designed to offer a higher level of liquidity and investor protection. However, with fluctuating market sentiment causing rapidly changing investment patterns and extreme caution amongst investors, our funds recorded lower net inflows than in the equivalent period of 2010. Demand for equity funds was muted, with overall positive net inflows driven by select demand for products that have a strong long-term track record such as our Asian and US equity strategies, and for thematic funds offering a compelling approach to investors' current priorities. Net inflows into our global rates strategies as well as our absolute return fixed income range and emerging market strategies (including the funds distributed by Swiss & Global Asset Management) – although robust – declined from the strong levels of 2010.

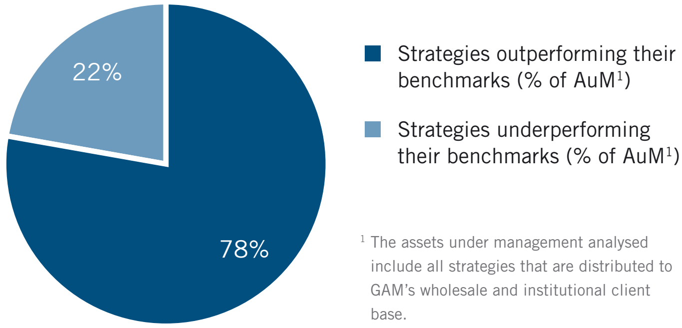
The broad spread of inflows across products and distribution channels during the period highlights our ongoing progress in strengthening our presence in growing market segments. However, a return to net new money inflows that are more in line with our mid-term target growth rate of 6–10% of assets under management will depend on a normalisation of investor engagement and client activity.

FINANCIAL RESULTS

GAM's **operating income** in the first half of 2011 was CHF 195.9 million, 20% lower than during the same period in 2010. Net fee and commission income fell by 7% to CHF 173.7 million, reflecting a slight year-on-year decline in the average asset base due to currency movements and a change in our asset mix, with fixed income assets accounting for a greater proportion of assets than higher-margin funds of hedge funds investments. Performance fees decreased from CHF 54.0 million in the first half of 2010 to CHF 14.4 million, driven mainly by lower fees from our fixed income products.

GAM's **gross margin** decreased by 17 basis points to 73.6 basis points, on the back of lower performance fees, but was in line with our anticipated medium-term run rate of 73–80 basis points. Excluding performance fees, the gross margin for the first half of 2011 was 68.2 basis points, 2.4 basis points lower year-on-year, reflecting the higher proportion of assets invested in our fixed income range as a result of the increased diversification of our offering.

GAM : PERFORMANCE OF STRATEGIES AGAINST BENCHMARKS OVER 3 YEARS



[1] The assets under management analysed include all strategies that are distributed to GAM's wholesale and institutional client base.

AS OF 30 JUNE 2011

Operating expenses fell by 19% to CHF 131.2 million. Personnel expenses declined by 20% from the first half of 2010, partly due to lower contractual-based compensation to our investment professionals which fell in line with performance fees. In addition, the accounting impact of the options awarded under the long-term incentive plan introduced for all Group employees in late 2009 declined year-on-year, in line with the vesting schedule of the awards. General and administrative expenses were 15% lower, driven by cost savings, particularly in IT, and the one-time CHF 4 million provision release. Since GAM incurs a proportion of its operating expenses in British pounds, the decline across most cost categories was supported by foreign exchange movements.

GAM's **pre-tax profit** fell 21% year-on-year to CHF 64.7 million. The **cost/income ratio** for the first half of 2011 was 67.0% (compared to 66.2% in the same period of 2010). This is above the range of 60–65% that we seek to achieve over the medium term through asset growth generated by leveraging our scalable infrastructure.

SWISS & GLOBAL ASSET MANAGEMENT

BUSINESS UPDATE

CONTINUOUS UPGRADE OF PRODUCT QUALITY AND INVESTMENT PERFORMANCE

During the first six months of 2011, we continued to strengthen Swiss & Global Asset Management's profile as an active asset manager, with an improvement in our long-term performance track record boosting a differentiated, highly relevant offering designed to capture investment opportunities arising from long-term fundamental trends. We added two new funds to our product range since December 2010 – a fixed income fund that invests in emerging market inflation-protected government bonds, which has already seen considerable inflows, and a 'best ideas' portfolio of European equities.

We progressed with the re-positioning of our institutional business, focusing on the build-up and retention of a client base that is prepared to reward quality active investment management. We also saw an improvement in the three-year performance track record of our institutional mandates – the timeframe this client segment usually considers when making asset allocation decisions. At the same time, we continued to de-emphasise smaller sub-scale mandates, either by exiting them or transferring client assets into appropriate institutional funds.

PROGRESS IN ENTERING NEW MARKETS

During the first half of 2011, we registered Julius Baer investment funds in three new markets – Estonia, Latvia and Lithuania – paving the way for distribution in the Baltic region. In the institutional business, we increased our activities in the Middle East, where we have already seen some encouraging first mandate wins.

We are looking at growth opportunities for our leading private label fund business, with market development focusing on Italy, Austria and Brazil and on supporting third-party fund managers in the launch of increasingly sophisticated products designed to meet more stringent regulatory requirements.

PERFORMANCE H1 2011

ASSETS UNDER MANAGEMENT AND NET NEW MONEY

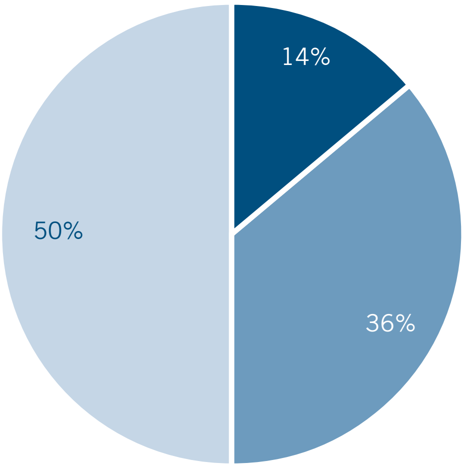
Swiss & Global Asset Management's **assets under management** were CHF 79.6 billion as at 30 June 2011, 1% lower than at year-end 2010. The negative impact of foreign exchange movements was significant at CHF 2.2 billion, while the effect of market performance was positive but negligible (CHF 0.1 billion).

Net new money inflows for the first six months of 2011 were CHF 1.3 billion, compared to CHF 7.4 billion in the first half of 2010 and CHF 2.3 billion in the second half of 2010. Inflows were generally muted, reflecting the fragility of investor sentiment and the general levels of caution in the market.

The Julius Baer fixed income fund range experienced moderate inflows. Net new money inflows into the products advised by GAM were resilient, although not as high as in the first half of 2010. In addition, certain bond funds managed in-house by Swiss & Global Asset Management saw encouraging demand on the back of strong investment performance. Our range of physical precious metal products continued to grow, with solid net inflows particularly into the silver and platinum funds. In equities, higher inflows into funds focused on topical themes (energy transition, luxury) and specialty mandates (growth, absolute return) were offset by outflows from regional products and from our Northern Africa fund after the temporary closure of the Egyptian stock exchange. In the institutional business, we recorded slight outflows for the first half of 2011, mainly from the closure of smaller, less profitable mandates. The contribution to growth from our private label funds was solid, but smaller than in 2010: while inflows from existing clients remained robust, business from new clients declined, as market conditions prompted many to put the launch of new funds on hold.

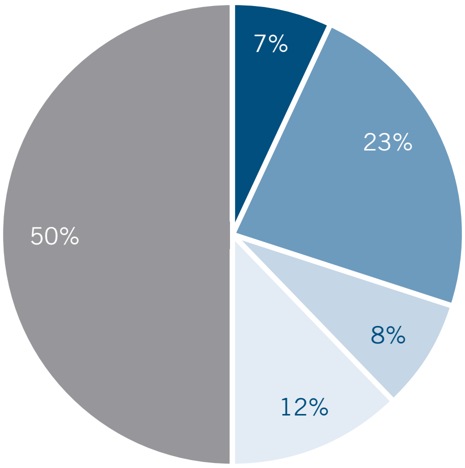
We will continue to cultivate a broad range of high-quality products to enable us to meet evolving client needs and achieve our growth objectives. Inevitably, returning to our mid-term net new money target growth rate of 8–12% of assets under management

SWISS & GLOBAL ASSET MANAGEMENT AUM BY CLIENTS : AS OF 30 JUNE 2011



	30.06.2011	31.12.2010	30.06.2010
Institutional clients	14%	14%	15%
Wholesale fund distribution	36%	35%	34%
Private label funds	50%	51%	51%

SWISS & GLOBAL ASSET MANAGEMENT AUM BY PRODUCTS : AS OF 30 JUNE 2011



	30.06.2011	31.12.2010	30.06.2010
Equity	7%	7%	7%
Fixed income	23%	22%	22%
Commodities	8%	7%	7%
Absolute return single manager	12%	13%	13%
Private label funds	50%	51%	51%

SWISS & GLOBAL ASSET MANAGEMENT : KEY FIGURES[1]

	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	CHANGE FROM H1 2010 IN %	CHANGE FROM H2 2010 IN %
Net fee and commission income	110.1	99.6	103.6	11	6
Performance fees	1.2	3.8	2.0	-68	-40
Other operating income	2.8	3.8	4.3	-26	-35
Operating income	**114.1**	**107.1**	**110.0**	**7**	**4**
Personnel expenses	35.8	33.9	32.4	6	10
General expenses	22.8	25.0	25.4	-9	-10
Depreciation and amortisation	0.4	0.1	0.5	300	-20
Operating expenses	**59.0**	**59.0**	**58.3**	**0**	**1**
Profit before taxes	**55.1**	**48.1**	**51.7**	**15**	**7**
Assets under management at the end of the period (CHF bn)	**79.6**	**78.3**	**80.4**	**2**	**-1**
of which traditional business	*39.7*	*38.3*	*39.6*	*4*	*0*
of which private label funds	*39.9*	*40.0*	*40.8*	*-0*	*-2*
Change through net new money	*1.3*	*7.4*	*2.3*	*-82*	*-43*
Change through market appreciation and currency movements	*-2.1*	*-1.7*	*-0.2*	*-24*	*-950*
Change through deconsolidation and rebranding	*-*	*-0.4*	*-*	*100*	*-*
Average assets under management (CHF bn)	81.5	77.2	80.8	6	1
Gross margin (basis points)[2]	28.0	27.8	27.2	-	-
Cost/income ratio	51.7%	55.1%	53.0%	-	-
Pre-tax margin (basis points)[2]	13.5	12.5	12.8	-	-
Number of full-time employees at the end of the period	**283**	**276**	**279**	**3**	**1**

[1] Please refer to Note 6 of GAM Holding AG's Condensed Interim Consolidated Financial Statements for a full breakdown of segmental reporting.

[2] Annualised.

will be dependent on reduced levels of market uncertainty – a prerequisite for improved investor confidence in most of Swiss & Global Asset Management's key markets and client segments.

FINANCIAL RESULTS

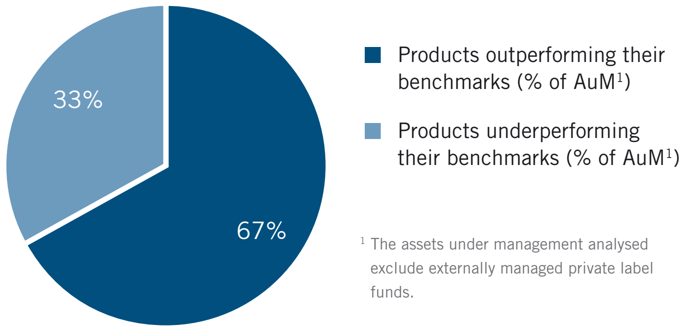
Operating income during the first half of 2011 rose 7% from the same period in 2010 to CHF 114.1 million. Net fee and commission income climbed 11% to CHF 110.1 million, driven by the growth of Swiss & Global Asset Management's average asset base since June 2010. Performance fees, mostly generated from institutional mandates and funds, fell to CHF 1.2 million (compared to CHF 3.8 million in the first half of 2010).

Swiss & Global Asset Management's **gross margin** was 28.0 basis points for the first six months of 2011, in line with our expected medium-term run-rate of 26–29 basis points. This represents a slight increase from the gross margin of 27.8 basis points reported for the first half of 2010, resulting from the proportionate growth of higher-margin products.

Operating expenses were unchanged from the first half of 2010 at CHF 59.0 million. Personnel expenses were up 6% due to increased staffing levels to support business growth and higher accruals for variable compensation, which rose in line with improved financial performance. This was partly offset by a decline in the accounting impact of the options awarded under the long-term incentive plan introduced for all Group employees in late 2009, in line with the vesting schedule of the awards. General expenses fell 9% as a result of cost discipline, with savings made particularly in IT. Due to the planned move to our new Zurich headquarters, we expect general expenses in the second half of the year to increase modestly.

Swiss & Global Asset Management's **pre-tax profit** rose by 15% to CHF 55.1 million. The **cost/income ratio** for the first six months of 2011 was 51.7%, down from the 55.1% reported for the equivalent period of 2010. With the significant strengthening of the Swiss franc, we anticipate the cost/income ratio will move into our medium-term target range of 53–58%.

SWISS & GLOBAL ASSET MANAGEMENT : PERFORMANCE OF PRODUCTS AGAINST BENCHMARKS OVER 3 YEARS



[1] The assets under management analysed exclude externally managed private label funds.

AS OF 30 JUNE 2011

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 2011

(UNAUDITED)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	CHANGE FROM H1 2010 IN %
Fee and commission income	545.4	569.6	547.5	-4
Distribution, fee and commission expenses	-246.0	-225.8	-231.4	9
Net fee and commission income	**299.4**	**343.8**	**316.1**	**-13**
Income from investment in associates	12.4	16.4	11.1	-24
Other operating income	13.1	7.7	17.4	70
Operating income	**324.9**	**367.9**	**344.6**	**-12**
Personnel expenses	146.6	171.9	162.6	-15
General expenses	50.3	56.9	67.6	-12
Depreciation of property and equipment and amortisation of intangible assets	9.1	9.2	9.5	-1
Impairment of investment in associates	92.2	-	180.3	-
Operating expenses	**298.2**	**238.0**	**420.0**	**25**
Profit or loss before taxes	**26.7**	**129.9**	**-75.4**	**-79**
Income taxes	24.3	29.4	14.9	-17
Net profit or loss attributable to the shareholders of the Company	**2.4**	**100.5**	**-90.3**	**-98**
Earnings per share				
Basic earnings per share	0.01	0.51	-0.46	-98
Diluted earnings per share	0.01	0.51	-0.46	-98

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	CHANGE FROM H1 2010 IN %
Net profit recognised in the income statement	**2.4**	**100.5**	**-90.3**	**-98**
Other comprehensive income, net of taxes				
Net gains/(losses) on financial investments available-for-sale	-5.4	-9.1	-0.5	41
Net (gains)/losses reclassified to the income statement on financial investments available-for-sale	-2.7	-0.5	5.1	-440
Translation differences	-43.6	-7.9	-20.9	-452
Total other comprehensive income for the period recognised directly in equity	**-51.7**	**-17.5**	**-16.3**	**-195**
Total comprehensive income for the period recognised in the income statement and in equity attributable to the shareholders of the Company	**-49.3**	**83.0**	**-106.6**	**-159**

CONDENSED CONSOLIDATED BALANCE SHEET

	30.06.2011 CHF M	31.12.2010 CHF M	CHANGE FROM 31.12.2010 IN %
Current assets			
Cash and cash equivalents	644.3	819.1	-21
Trade and other receivables	54.2	55.0	-1
Accrued income and prepaid expenses	116.9	118.4	-1
Financial investments	107.2	110.0	-3
Total current assets	**922.6**	**1,102.5**	**-16**
Non-current assets			
Financial investments	3.8	9.5	-60
Other financial assets	34.1	34.1	0
Investment in associates	194.3	306.3	-37
Pension assets	4.0	4.0	0
Deferred tax assets	14.8	20.5	-28
Property and equipment	20.8	18.5	12
Goodwill and other intangible assets	1,381.4	1,387.6	-0
Total non-current assets	**1,653.2**	**1,780.5**	**-7**
Total assets	**2,575.8**	**2,883.0**	**-11**

CONDENSED CONSOLIDATED BALANCE SHEET *(CONTINUED)*

	30.06.2011 CHF M	31.12.2010 CHF M	CHANGE FROM 31.12.2010 IN %
Current liabilities			
Trade and other payables	39.5	42.8	-8
Other financial liabilities	34.1	32.2	6
Accrued expenses and deferred income	220.7	268.8	-18
Tax liabilities	39.7	33.3	19
Provisions	0.5	12.4	-96
Total current liabilties	**334.5**	**389.5**	**-14**
Non-current liabilities			
Other financial liabilities	31.0	31.0	0
Provisions	1.4	1.7	-18
Pension liabilities	7.3	7.9	-8
Deferred tax liabilities	1.0	1.2	-17
Total non-current liabilities	**40.7**	**41.8**	**-3**
Total liabilities	**375.2**	**431.3**	**-13**
Equity			
Share capital	10.3	10.3	0
Capital reserves	83.7	83.7	0
Retained earnings	2,607.9	2,694.9	-3
Other components of equity	-140.7	-89.0	-58
Treasury shares	-360.6	-248.2	-45
Total equity attributable to the shareholders of the Company	**2,200.6**	**2,451.7**	**-10**
Total liabilities and equity	**2,575.8**	**2,883.0**	**-11**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL CHF M	CAPITAL RESERVES CHF M	RETAINED EARNINGS CHF M	OTHER COMPONENTS OF EQUITY: FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE, NET OF TAXES CHF M	OTHER COMPONENTS OF EQUITY: FOREIGN CURRENCY TRANSLATION RESERVE CHF M	TREASURY SHARES CHF M	**TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY** CHF M
At 1 January 2010	10.3	83.7	2,646.6	0.6	-55.8	-66.1	**2,619.3**
Comprehensive income							
Net profit or loss	-	-	100.5	-	-	-	**100.5**
Other comprehensive income							
Net gains/(losses) on financial investments available-for-sale	-	-	-	-9.1	-	-	**-9.1**
Net (gains)/losses reclassified to the income statement on financial investments available-for-sale	-	-	-	-0.5	-	-	**-0.5**
Translation differences	-	-	-	-	-7.9	-	**-7.9**
Total comprehensive income	**-**	**-**	**100.5**	**-9.6**	**-7.9**	**-**	**83.0**
Share-based payment transactions	-	-	18.3	-	-	-	**18.3**
Acquisitions of own shares and derivatives on own shares	-	-	-	-	-	-61.0	**-61.0**
Disposals of own shares and derivatives on own shares	-	-	-	-	-	-	**-**
At 30 June 2010	**10.3**	**83.7**	**2,765.4**	**-9.0**	**-63.7**	**-127.1**	**2,659.6**
At 1 July 2010	10.3	83.7	2,765.4	-9.0	-63.7	-127.1	**2,659.6**
Comprehensive income							
Net profit or loss	-	-	-90.3	-	-	-	**-90.3**
Other comprehensive income							
Net gains/(losses) on financial investments available-for-sale	-	-	-	-0.5	-	-	**-0.5**
Net (gains)/losses reclassified to the income statement on financial investments available-for-sale	-	-	-	5.1	-	-	**5.1**
Translation differences	-	-	-	-	-20.9	-	**-20.9**
Total comprehensive income	**-**	**-**	**-90.3**	**4.6**	**-20.9**	**-**	**-106.6**
Share-based payment transactions	-	-	19.4	-	-	-	**19.4**
Acquisitions of own shares and derivatives on own shares	-	-	-	-	-	-154.5	**-154.5**
Disposals of own shares and derivatives on own shares	-	-	0.4	-	-	33.4	**33.8**
At 31 December 2010	**10.3**	**83.7**	**2,694.9**	**-4.4**	**-84.6**	**-248.2**	**2,451.7**
At 1 January 2011	10.3	83.7	2,694.9	-4.4	-84.6	-248.2	**2,451.7**
Comprehensive income							
Net profit or loss	-	-	2.4	-	-	-	**2.4**
Other comprehensive income							
Net gains/(losses) on financial investments available-for-sale	-	-	-	-5.4	-	-	**-5.4**
Net (gains)/losses reclassified to the income statement on financial investments available-for-sale	-	-	-	-2.7	-	-	**-2.7**
Translation differences	-	-	-	-	-43.6	-	**-43.6**
Total comprehensive income	**-**	**-**	**2.4**	**-8.1**	**-43.6**	**-**	**-49.3**
Dividends paid to shareholders of the Company	-	-	-94.1	-		-	**-94.1**
Share-based payment transactions	-	-	4.8	-	-	-	**4.8**
Acquisitions of own shares and derivatives on own shares	-	-	-	-	-	-112.5	**-112.5**
Disposals of own shares and derivatives on own shares	-	-	-0.1	-	-	0.1	**-**
At 30 June 2011	**10.3**	**83.7**	**2,607.9**	**-12.5**	**-128.2**	**-360.6**	**2,200.6**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M
Cash and cash equivalents at beginning of the period	819.1	974.2	794.7
Cash flow from operating activities	48.9	48.2	213.1
Cash flow from investing activities	-5.9	-4.7	-4.4
Cash flow from financing activities	-206.7	-211.0	-152.7
Effects of exchange rate changes	-11.1	-12.0	-31.6
Cash and cash equivalents at the end of the period	**644.3**	**794.7**	**819.1**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

GAM Holding AG (the "Company") is a Swiss corporation domiciled in Zurich and listed on the SIX Swiss Exchange. The Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2011 comprise those of GAM Holding AG and all its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

2. BASIS OF PREPARATION

These unaudited Condensed Interim Consolidated Financial Statements were prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the Annual Financial Statements as at and for the year ended 31 December 2010, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as otherwise indicated in these Condensed Interim Consolidated Financial Statements, all financial information is presented in millions of Swiss francs.

3. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Consolidated Financial Statements of the Group were prepared on the basis of accounting policies and valuation principles consistent with those used in the Consolidated Financial Statements of the Group as at 31 December 2010, with the exception of the following accounting pronouncements which were recently adopted by the Group:

- IAS 24 – *Related Party Disclosure*
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*
- *Classification of Rights Issues* (amendment to IAS 32)
- *Prepayments of a Minimum Funding Requirement* (amendments to IFRIC 14)
- *Improvements to IFRSs* (May 2010) – various standards

The adoption of these accounting pronouncements had no significant impact on the Condensed Interim Consolidated Financial Statements of the Group.

4. SEASONALITY

Performance fees are booked throughout the year. As a result, performance fees in the second half of the year may vary from those generated in the first half.

5. NOTES TO SELECTED BALANCE SHEET AND INCOME STATEMENT ITEMS

INVESTMENT IN ASSOCIATES

As at 30 June 2011, the Group had a 28% (31 December 2010: 28%) interest in Artio Global Investors Inc. ("Artio"), a company that provides investment management services to institutional and mutual fund clients.

As the fair value of the Group's investment in Artio – reflected by the share price as at 30 June 2011 – declined significantly below its carrying amount, there was objective evidence of an impairment. Therefore, the Group's investment in Artio was tested for impairment by determining the recoverable amount (based on the higher of value in use and fair value less costs to sell) and comparing it to the carrying amount of the investment on the Group's balance sheet.

Consistent with the approach at year-end 2010, the Group used a model based on the discounted cash flow method to calculate the value in use of its investment in Artio.

The impairment test resulted in an impairment loss of CHF 92.2 million.

TREASURY SHARES

As at 30 June 2011, the Company held 24.6 million treasury shares. Of this amount, 10.3 million treasury shares were held as an economic hedge for options granted under the 2009 Long-Term Incentive Plan, which are expected to be net equity settled. In addition to these treasury shares, the hedge also consists of a total return swap over 2.7 million of GAM Holding AG's shares, and in total equates to 6.3% of shares in issue.

TAX CHARGED OR CREDITED DIRECTLY TO EQUITY

Tax effects on share-based payments in the first half of the year amounted to CHF 4.0 million (H1 2010: none) and effectively have reduced the impact of the share-based payment expenses included in the respective line item within equity (see condensed consolidated statement of changes in equity).

6. REPORTING BY SEGMENT

The Group comprises two segments, i.e. the active asset managers “GAM” and “Swiss & Global Asset Management”. These segments reflect the Group’s organisation, management and internal reporting structure and are primarily based on the products and services provided to its clients. “Group functions” are responsible for the typical corporate functions, such as corporate governance, finance and control functions. Direct income and expenses are assigned to the segments based on the principle of accountability. Assets, liabilities, income and expenses that are not directly related to the segments are attributed to “Group functions”. Indirect costs for internal service relationships between the segments are carried out at internal transfer prices, which are based on effective costs, and are recorded as a cost reduction for the service provider and as a cost increase for the service beneficiary.

	GAM			SWISS & GLOBAL ASSET MANAGEMENT			GROUP FUNCTIONS			TOTAL GROUP		
	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M	H1 2011 CHF M	H1 2010 CHF M	H2 2010 CHF M
Operating income	**195.9**	**243.8**	**226.5**	**114.1**	**107.1**	**110.0**	**14.9**	**17.0**	**8.1**	**324.9**	**367.9**	**344.6**
Personnel expenses	104.2	129.9	120.7	35.8	33.9	32.4	6.6	8.1	9.5	146.6	171.9	162.6
General expenses	24.1	28.3	38.9	22.8	25.0	25.4	3.4	3.6	3.3	50.3	56.9	67.6
Depreciation of property and equipment and amortisation of intangible assets	8.7	9.0	9.0	0.4	0.1	0.5	-	0.1	-	9.1	9.2	9.5
Impairment of investment in associates	-	-	-	-	-	-	92.2	-	180.3	92.2	-	180.3
Operating expenses	**137.0**	**167.2**	**168.6**	**59.0**	**59.0**	**58.3**	**102.2**	**11.8**	**193.1**	**298.2**	**238.0**	**420.0**
Profit or loss before taxes	**58.9**	**76.6**	**57.9**	**55.1**	**48.1**	**51.7**	**-87.3**	**5.2**	**-185.0**	**26.7**	**129.9**	**-75.4**
Income taxes										24.3	29.4	14.9
Net profit or loss										**2.4**	**100.5**	**-90.3**
Assets under management (CHF bn)	50.7	53.1	53.6	79.6	78.3	80.4	-16.8[1]	-14.8[1]	-16.2[1]	113.5	116.6	117.8

[1] Represents the double-count of funds advised by GAM and distributed by Swiss & Global Asset Management.

7. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors approved these Condensed Interim Consolidated Financial Statements on 22 August 2011.

On 20 July 2011, the Company executed the capital reduction resolved by its shareholders at the Company’s Annual General Meeting on 19 April 2011 and cancelled 10,330,756 shares repurchased under its 2010 share buy-back programme. The share capital of the Company now amounts to CHF 9,815,000 (196,300,000 registered shares at a par value of CHF 0.05 per share).

FORWARD-LOOKING STATEMENTS

This report contains statements that constitute ‘forward-looking statements’, including statements on the future financial performance of the Company, its plans and objectives and their anticipated effect on the Company’s future business and development, as well as other projections and statements that are forward-looking or contain subjective assessments, regarding the intent, belief or current expectations of the Company. The Company has tried to identify those forward-looking statements by using words such as ‘may’, ‘should’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘project’, ‘believe’, ‘predict’ and similar expressions. Such statements are made on the basis of assumptions, estimates and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous or unfounded in the future, as forward-looking statements are subject to risks and uncertainties that could cause the actual development, results and financial position of the Company to differ materially from the information presented herein. These risks and uncertainties facing the Company that could affect the future accuracy of these forward-looking statements include, but are not limited to: the effects of, and changes in, fiscal, monetary and tax policies; currency fluctuations; the effect of the current economic environment on the financial position or creditworthiness of the Group’s clients and counterparties; the Group’s ability to retain and attract the employees that are necessary to generate revenues and to manage its businesses effectively; possible political, legal and regulatory developments, including the effect of more stringent capital and liquidity requirements; changes in accounting standards or policies; limitations on the effectiveness of the Group’s internal risk management processes, including the occurrence of operational failures; political and social developments, including war, civil unrest or terrorist activity; the adverse resolution of litigation and other contingencies; changes in the size, capabilities and effectiveness of the Group’s competitors. If any of these risks or uncertainties materialises or if underlying assumptions prove to be incorrect, actual outcomes may vary materially from those indicated in the forward-looking statements. Other than in accordance with the ad-hoc publicity rules of the SIX Swiss Exchange, the Company undertakes no obligation to release publicly any revisions or updates to any forward-looking statements herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or reflect any change in the Company’s expectations.

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CORPORATE CALENDAR

25 October 2011	Interim Management Statement for Q3 2011
6 March 2012	Full-year results 2011
18 April 2012	Ordinary Annual General Meeting, Zurich
18 April 2012	Interim Management Statement for Q1 2012

FURTHER INFORMATION

Our website provides further information on GAM Holding AG, including share price data, details of our share buy-back programmes, media releases, historic annual reports and an events calendar.

www.gamholding.com

Detailed information on our operating businesses and their products and services can be found on:

www.gam.com
www.swissglobal-am.com