

# Invitation to the Annual General Meeting

of GAM Holding AG, Zurich

The Annual General Meeting will take place on

**Thursday, 30 April 2015, at 10:00am**

**at the SIX Swiss Exchange ConventionPoint Conference Center  
Selnaustrasse 30, 8001 Zurich, Switzerland**

Admittance: 9:15am

## Agenda

The Board of Directors submits the following agenda items and proposals for discussion and resolution by the Annual General Meeting:

### 1. Annual report, parent company's and consolidated financial statements as well as compensation report for the year 2014, reports of the Statutory Auditors

#### 1.1 Approval of annual report, parent company's and consolidated financial statements for the year 2014, notice of the reports of the Statutory Auditors

The Board of Directors proposes that the annual report, the parent company's as well as the consolidated financial statements for the year 2014, be approved.

#### 1.2 Consultative vote on the compensation report 2014, notice of the report of the Statutory Auditors

The Board of Directors proposes that the compensation report 2014 be approved on a non-binding consultative basis.

### 2. Appropriation of retained earnings and of capital contribution reserve

#### A) Proposal

The Board of Directors proposes to allocate the retained earnings of CHF 158.7 million available for appropriation to Other Reserve and to allocate an amount of CHF 0.65 per registered share entitled to distribution out of Capital Contribution Reserve to Other Reserve and to distribute such amount to the shareholders.

Appropriation of retained earnings and of capital contribution reserve	CHF million
Balance brought forward	0
Net Profit for the year 2014	158.7
Dissolution of Capital Contribution Reserve	104.8*
Total available to the Annual General Meeting	263.5
Allocation to Other Reserve	158.7
Distribution to the shareholders (out of Capital Contribution Reserve**)	104.8*

\* As at 31 December 2014, GAM Holding AG held 5,443,444 registered shares within treasury. Registered shares held by GAM Holding AG at the time of distribution are not entitled to receive the distribution. Therefore, the amount for dissolution and distribution might be adjusted accordingly.

\*\* This distribution is executed via the account Other Reserve.

#### B) Explanation

The Board of Directors proposes to make a distribution to shareholders out of the Company's reserve from capital contributions (which amounted to CHF 1,323.0 million as at 31 December 2014), instead of making dividend payments out of retained earnings. Such distribution can be made without deduction of Swiss federal withholding tax of 35% and will be exempt from income tax for shareholders resident in Switzerland who hold the shares as part of their private assets.

If the proposal of the Board of Directors is approved, the distribution to shareholders out of Capital Contribution Reserve will amount to CHF 0.65 per registered share.

The last trading day on which the shares will carry an entitlement to receive this distribution is 4 May 2015. The shares will be traded without an entitlement to receive this distribution as of 5 May 2015. The distribution will be payable as of 7 May 2015 free of charge and in accordance with the relevant payment instructions.

### **3. Discharge of the members of the Board of Directors and the Group Management Board**

The Board of Directors proposes that the members of the Board of Directors and the Group Management Board be discharged for the financial year 2014.

### **4. Capital reduction by cancellation of shares and related amendment to the Articles of Incorporation**

#### **A) Proposal**

The Board of Directors proposes the following:

- (a) to cancel 3,267,000 registered shares with a par value of CHF 0.05 each which were repurchased by the Company in the year 2014 under share buy-back programmes and, as a result, to reduce the respective reserves created for these own shares and to reduce the share capital by CHF 163,350.00 from CHF 8,333,086.55 to CHF 8,169,736.55;
- (b) to state that the audit report of the licenced audit expert KPMG AG, Zurich, issued according to Article 732 Paragraph 2 of the Swiss Code of Obligations, confirms that the claims of the creditors of the Company are fully covered despite the reduction in share capital; and
- (c) to amend articles 3.1 and 3.2 of the Articles of Incorporation as follows:

Current version – Article 3 Share capital

3.1 The fully paid-up share capital amounts to CHF 8 333 086.55.

3.2 The share capital is divided into 166 661 731 registered shares with a par value of CHF –.05 each.

Proposed new version – Article 3 Share capital (changes in *italics*)

3.1 The fully paid-up share capital amounts to *CHF 8 169 736.55*.

3.2 The share capital is divided into *163,394,731* registered shares with a par value of CHF –.05 each.

The other provisions of the Articles of Incorporation shall remain unchanged.

#### **B) Explanation**

As at 31 December 2014, the Company held 3,267,000 registered shares which it had repurchased in the year 2014 for the purposes of cancellation under share buy-back programmes. The average purchase price paid for these shares was CHF 16.12 per share. In order to reflect the proposed cancellation of these 3,267,000 shares, the share capital in article 3.1 of the Articles of Incorporation, as well as the number of registered shares in article 3.2 of the Articles of Incorporation, need to be reduced accordingly.

KPMG AG, Zurich, as licenced audit expert, have confirmed in an audit report prepared for the Annual General Meeting that the claims of the creditors of the Company will remain fully covered even with the proposed reduction in capital.

In accordance with Article 733 of the Swiss Code of Obligations, the capital reduction by means of cancellation of repurchased shares may only take place after the expiration of the period during which creditors may request satisfaction or security by filing their claims. The notice to creditors will be published in the Swiss Official Gazette of Commerce three times immediately after the Annual General Meeting. Claims may then be registered during a two-month period starting as from the date of the third publication. Only upon expiration of this two-month period the capital reduction may be effected and entered in the Commercial Register.

## **5. Amendments to the Articles of Incorporation in accordance with the Ordinance Against Excessive Compensation in Listed Stock Companies**

### **A) Proposal**

The Board of Directors proposes the approval of the amendments to the Articles of Incorporation as published in the Swiss Official Gazette of Commerce.

### **B) Explanation**

In 2013, the Swiss electorate approved the popular “initiative against excessive compensation”, which entails changes to the corporate governance of public companies. The Swiss Federal Council has enacted an ordinance implementing this initiative, which came into effect on 1 January 2014, subject to certain transitional provisions. The amendments to the Company’s Articles of Incorporation ensure compliance with the new Ordinance against Excessive Compensation in Listed Stock Companies. The enclosed report of the Board of Directors provides information on the proposed amendments to the Articles of Incorporation.

## **6. Re-elections to the Board of Directors, re-election of the Chairman of the Board of Directors**

The Board of Directors proposes the re-election of Mr Johannes A. de Gier (also as Chairman of the Board of Directors in a single vote), Mr Daniel Daeniker, Mr Diego du Monceau, Mr Hugh Scott-Barrett and Ms Tanja Weiher as members of the Board of Directors, each for a term of office until the end of the next Annual General Meeting.

You will find information on the members of the Board of Directors in the annual report 2014, corporate governance section – Board of Directors ([www.gam.com/annualreport2014](http://www.gam.com/annualreport2014)).

### **6.1 Re-election of Mr Johannes A. de Gier as member and Chairman of the Board of Directors**

### **6.2 Re-election of Mr Daniel Daeniker**

### **6.3 Re-election of Mr Diego du Monceau**

### **6.4 Re-election of Mr Hugh Scott-Barrett**

### **6.5 Re-election of Ms Tanja Weiher**

## **7. Elections to the Compensation Committee of the Board of Directors**

The Board of Directors proposes the election of Mr Diego du Monceau, Mr Daniel Daeniker and Mr Johannes A. de Gier as members of the Compensation Committee of the Board of Directors, each for a term of office until the end of the next Annual General Meeting. The Board of Directors intends to nominate Mr Diego du Monceau as Chairman of the Compensation Committee, subject to his re-election as a member of the Compensation Committee.

### **7.1 Re-election of Mr Diego du Monceau**

### **7.2 Re-election of Mr Daniel Daeniker**

### **7.3 New election of Mr Johannes A. de Gier**

## **8. Compensation of the Board of Directors and the Group Management Board**

### **8.1 Approval of the compensation of the Board of Directors**

#### **A) Proposal**

The Board of Directors proposes the approval of a maximum aggregate amount of compensation of the Board of Directors for the period as from the 2015 Annual General Meeting until the 2016 Annual General Meeting of CHF 2,500,000.

#### **B) Explanation**

The compensation of the Board of Directors consists of a fixed compensation. For details about the Board of Directors' compensation in 2014 and an outlook for 2015, reference is made to sections 5 and 8 of the compensation report 2014 which is included in the annual report 2014.

### **8.2 Approval of the fixed compensation of the Group Management Board**

#### **A) Proposal**

The Board of Directors proposes the approval of a maximum aggregate amount of fixed compensation of the Group Management Board for the 2015 financial year of CHF 8,000,000.

#### **B) Explanation**

For details about the Group Management Board's fixed compensation in 2014 and an outlook for 2015, reference is made to sections 6 and 8 of the compensation report 2014 which is included in the annual report 2014.

### **8.3 Approval of the variable compensation of the Group Management Board**

#### **A) Proposal**

The Board of Directors proposes the approval of a maximum aggregate amount of variable compensation of the Group Management Board for the 2015 financial year of CHF 13,000,000.

#### **B) Explanation**

After the end of the 2015 financial year, the Compensation Committee of the Board of Directors will determine the actual aggregate amount of variable compensation of the Group Management Board for 2015. In this regard, the Compensation Committee has already decided that such aggregate amount of variable compensation of all current members of the Group Management Board shall be capped at the lesser of 5% of the Group's underlying pre-tax profit in 2015 or the amount to be approved by the Annual General Meeting (CHF 13,000,000). Further, the Compensation Committee

has already decided that the variable compensation of a current member of the Group Management Board for the 2015 financial year should generally not be higher than twice the member's base salary.

For details about the Group Management Board's variable compensation in 2014 and an outlook for 2015, reference is made to sections 6 and 8 of the compensation report 2014 which is included in the annual report 2014.

## **9. Appointment of the Statutory Auditors**

The Board of Directors proposes that KPMG AG, Zurich, be re-elected as Statutory Auditors for a further one-year period.

## **10. Election of the Independent Representative**

The Board of Directors proposes the re-election of Mr Tobias Rohner, attorney-at-law, Bellerivestrasse 201, 8034 Zurich, as Independent Representative for a term of office until the end of the next Annual General Meeting.

## **Organisational information**

### **Right to participate and vote/admission cards**

After returning the enclosed registration form, shareholders will receive an admission card and voting material. Shareholders recorded in the Company's share register with voting rights as at 17 April 2015 will be entitled to participate in, and vote at, the Annual General Meeting. No registrations and de-registrations of registered shares will be made in the share register from 18 April to 30 April 2015.

### **Appointment of proxy**

A shareholder entitled to vote may give a written proxy for the Annual General Meeting to a third party. Proxy holders will only be admitted to the Annual General Meeting upon presentation of a valid admission card and a duly executed proxy.

Mr Tobias Rohner, attorney-at-law, Bellerivestrasse 201, 8034 Zurich, Switzerland, is designated as Independent Representative.

### **Electronic authorisation of, and instructions to, the Independent Representative**

GAM Holding AG offers shareholders the possibility to authorise and give their instructions to the Independent Representative electronically. Shareholders may do so by accessing the website <https://gamholding.shapp.ch> and then following the guidance that is being displayed on their computer screen. In addition to internet access, an e-mail address and a mobile telephone that can receive a code by text message are required. The personal access data needed for registration can be found on the enclosed registration form. Instructions can be given electronically to the Independent Representative until 27 April 2015.

### **Simultaneous translations**

The Annual General Meeting will be held predominantly in English. Simultaneous translation into German will be available. Headsets will be provided in the foyer.

**Annual report**

The annual report 2014, which consists of the parent company's as well as the consolidated financial statements and also includes the business review and the compensation report, was published on 3 March 2015. It can be accessed on GAM Holding AG's website ([www.gam.com/annualreport2014](http://www.gam.com/annualreport2014)) and is available for inspection at the Company's head office, Hardstrasse 201, 8005 Zurich, Switzerland. Shareholders registered in the Company's share register may order the annual report 2014 by requesting so on the registration form.

**Transport to and from the venue**

Shareholders are recommended to use public transport to reach the venue.

**Reception**

There will not be a drinks reception following the conclusion of the Annual General Meeting.

**Invitation**

In the event of differences between this English translation of the invitation and the original German version, which is available on GAM Holding AG's website ([www.gam.com/agm2015](http://www.gam.com/agm2015)), the German version shall prevail.

Zurich, 2 April 2015

**GAM Holding AG**

For the Board of Directors

The Chairman



Johannes A. de Gier

Enclosure: Report of the Board of Directors on the amendments to the Articles of Incorporation proposed under agenda item „5. Amendments to the Articles of Incorporation in accordance with the Ordinance Against Excessive Compensation in Listed Stock Companies“

## **Report of the Board of Directors on the amendments to the Articles of Incorporation proposed under agenda item „5. Amendments to the Articles of Incorporation in accordance with the Ordinance Against Excessive Compensation in Listed Stock Companies“**

### **I. Introduction**

On 3 March 2013, the popular "initiative against excessive compensation" was approved by the Swiss electorate. The ordinance implementing the initiative came into effect on 1 January 2014, subject to certain transitional provisions. These new regulations require, among other things, an annual binding shareholder vote on the compensation of the members of the Board of Directors and the Executive Management. Further, the principles of performance and equity-based compensation of members of the Board of Directors and the Executive Management, as well as limitations regarding employment and mandate agreements with, and external mandates of, members of the Board of Directors and the Executive Management have to be laid down in the Articles of Incorporation.

To implement these changes, GAM Holding AG (**GAM**) is required to amend its Articles of Incorporation. This report outlines in Part II the main amendments that the Board of Directors proposes to GAM's shareholders at this Annual General Meeting. **A comparison of all proposed amendments with the current provisions of the Articles of Incorporation can be found in Part III of this report.**

Reference to the **Executive Management** shall mean GAM's Group Management Board.

### **II. Outline of main amendments proposed**

#### **A. Representation of shareholders at the General Meeting**

Under the new regulations, shareholders may no longer be represented by the corporate proxy or depository institutions such as banks. Rather, shareholders may only be represented by their legal representative, any other person (by means of a written proxy) or the independent representative (by means of a written or electronic proxy). The proposed amendments to the Articles 8.2–8.4 implement these changes.

#### **B. Elections of Directors, the Chairman of the Board of Directors, the members of the Compensation Committee, and the independent representative**

According to the new regulations, the members of the Board of Directors, its Chairman, the members of the Compensation Committee and the independent representative must be elected annually by the shareholders. In the event that the position of the Chairman of the Board of Directors or a seat on the Compensation Committee is vacant, the Board of Directors shall appoint a substitute from among its members. Similarly, the Board of Directors shall appoint an independent representative for the next General Meeting if the position is vacant for any reason.

The proposed amendments to the Articles 8.4(1), 8.12(b) and (d), 9.1–9.3 and 10.2 implement these requirements.

#### **C. Compensation Committee**

Further, GAM is required to determine the main duties and powers of the Compensation Committee in its Articles of Incorporation. According to the proposed Article 10.4, the Committee's main responsibility is to support the Board of Directors in establishing and reviewing GAM's compensation strategy and guidelines, and preparing the proposals to the General Meeting regarding the compensation of the Board of Directors and the Executive Management. By means of a charter, the Board of Directors may further empower the Compensation Committee to determine the performance targets and compensation levels of individual Directors and Executive Management members, and delegate further tasks to the Compensation Committee. The proposed Articles 10.1 and 10.3 further govern the number of members, the constitution and the organisation of the Compensation Committee.



**D. Shareholder approval of Board of Directors and Executive Management compensation ("Say on Pay")**

The new regulations require annual and binding shareholder approval of the aggregate amount of compensation of the Board of Directors and the Executive Management, respectively. In Articles 11.1–11.3, the Board of Directors proposes a say on pay regime that allows GAM's shareholders to cast a differentiated vote:

- Shareholder approval of the maximum aggregate amount of compensation of the Board of Directors relates to the upcoming term of office, i.e., the period between the present and the next Annual General Meeting. Term of office and compensation period thus correlate.
- Shareholder approval of Executive Management compensation is split into two separate votes for the maximum aggregate amounts of fixed and variable compensation. Both approvals relate to the compensation for the current financial year. Hence, the Annual General Meeting of 2015 will cast a vote on the fixed compensation and another vote on the variable compensation for the financial year 2015. The Board of Directors believes that the proposed compensation period and the separation between fixed and variable compensation strikes the right balance between certainty for GAM and its executives and optimal shareholder accountability in compensation matters. On the one hand, it enables the Board of Directors to signal to its executives that GAM is able to pay their fixed compensation as agreed and – provided that the performance criteria are met – to reward them through variable compensation. On the other hand, it allows shareholders to influence compensation levels with an immediate effect as they are asked to approve the current financial year's compensation.

In the event the shareholders do not approve a proposed amount of compensation, the Board of Directors is required to prepare another proposal, taking into account all relevant factors and submit it again to shareholder approval at a subsequent extraordinary General Meeting or the next Annual General Meeting.

Given that the General Meeting approves Executive Management compensation prospectively, it is necessary to provide for situations in which a new member joins the Executive Management after the compensation has been approved. The new regulations therefore provide that the Articles of Incorporation may determine a "reserve" amount out of which such Executive Management compensation may be funded during the compensation period already approved, i.e., until the end of the respective financial year. In Article 11.4, the Board of Directors proposes a "reserve" amount for all such new Executive Management members in total not exceeding eighty per cent of the aggregate amounts of Executive Management compensation last approved. The compensation level of each such new Executive Management member shall not be inconsistent with GAM's then current approach to compensation and the principles laid down in the Articles of Incorporation.

**E. Main principles of Board of Directors and Executive Management compensation**

The proposed Article 11.5 defines the principal features of GAM's Board of Directors and Executive Management compensation policy and structure. The Board of Directors will receive fixed compensation only. The Executive Management may be paid fixed and variable compensation elements. Variable compensation shall depend on GAM's performance and the achievement of certain performance criteria, which may include individual targets, targets of the Company, the Group or parts thereof, and targets in relation to the market, other companies or comparable benchmarks, and/or promote the retention of the Executive Management members. Further, it shall take into account the recipient's position and level of responsibility. The relative weight of the performance criteria and the target values are to be set by the Board of Directors or, where delegated to it, the Compensation Committee. Compensation to members of the Board of Directors and the Executive Management may be paid or granted in the form of cash, shares, in kind or in the form of other types of benefits; compensation to members of the Executive Management may in addition be granted in the form of options, financial instruments or similar units. The Board of Directors or, as far as delegated to it, the Compensation Committee, shall determine adequate grant, vesting, exercise and forfeiture conditions.

**F. Agreements with Board of Directors and Executive Management members**

The new regulations require that the Articles of Incorporation determine the maximum duration of fixed-term agreements or maximum termination notice of agreements with an indefinite term, respectively, relating to the compensation of Board of Directors and Executive Management members. Duration and notice period may not, however, exceed one year. The proposed Article 12 ties the duration (or, if applicable, the termination notice period) of agreements with members of the Board of Directors to their term of office, which is one year. Employment agreements with members of the Executive Management may provide for a notice period of up to twelve months, or a fixed term not exceeding one year.

**G. Mandates outside GAM group**

The new regulations require that the Articles of Incorporation limit the number of mandates that Board of Directors and Executive Management members may hold outside the GAM group. The proposed Article 13 allows members of the Board of Directors to hold up to fifteen additional mandates in the supreme governing body of companies other than GAM or its subsidiaries, no more than four of which may be in listed companies. Subject to approval by the Chairman of the Board of Directors, members of the Executive Management may hold up to five mandates in other companies, of which no more than one may be listed. In addition, Board of Directors and Executive Management members may hold, at GAM's request, mandates in investment funds not controlled, but managed by GAM or its subsidiaries. Further, Board of Directors and Executive Management members may hold a limited number of mandates in associations, charities, foundations, trusts, and employee welfare foundations.

**H. Further amendments**

Other proposed amendments do not entail substantive changes to the Articles of Incorporation, but reflect legislative changes or clarify and modernise existing rules. Among other things, it is proposed that the Articles of Incorporation refer to the "management report" instead of the "annual report", reflecting an amendment to Swiss accounting rules that came into force on 1 January 2013 and will be effective for the financial year 2015.

**III. Comparison of all proposed amendments to the Articles of Incorporation with the current provisions (amendments highlighted)****1. Name, domicile and term of Company**

1.1 Under the name GAM Holding Ltd. (GAM Holding AG, GAM Holding SA), there exists a Company according to the following Articles of Incorporation and the provisions of Title XXVI of the Swiss Code of Obligations.

1.2 The term of the Company shall be unlimited.

1.3 The domicile of the Company shall be Zurich.

**2. Object and purpose of Company**

2.1 The purpose of the Company shall be the acquisition and management of permanent participations, particularly in investment companies.

2.2 The Company may purchase, pledge as collateral and sell real estate.

2.3 The Company may be active domestically and abroad.

2.4 Otherwise, the Company may execute all transactions directly or indirectly related to the purpose of the Company as well as all transactions which may further the purpose of the Company.

### 3. Share capital

3.1 The fully paid-up share capital amounts to CHF 8 333 086.55.

3.2 The share capital is divided into 166 661 731 registered shares with a par value of CHF –.05 each.

3.3 The share capital may be increased or reduced by resolution of the Shareholders' Meeting.

3.4 <sup>1</sup>The Company's share capital is to be increased by the issue of up to 10 000 000 registered shares, to be fully paid-up and each with a par value of CHF –.05, in a maximum total amount of CHF 500 000.– through the exercise of conversion or warrant rights in connection with bonds issued by the Company or its subsidiaries. Existing shareholders are excluded from subscription rights. The acquisition of shares through the exercise of conversion or warrant rights and the subsequent transfer of shares are subject to the entry limitations as set forth in article 4.3 et seq. of the Articles of Incorporation.

<sup>2</sup>When issuing convertible or warrant bonds, the Board of Directors may rescind priority subscription rights of existing shareholders for important reasons.

<sup>3</sup>Important reasons can be the securing of optimal conditions in issuing of loans and ensuring equal treatment of shareholders domestically and abroad.

<sup>4</sup>In the event that the Board of Directors precludes the priority subscription rights, the following applies:

- a) Conversion rights may be exercised only during a maximum of seven years, and warrant rights only during a maximum of four years from the date of issue of the relevant bond.
- b) The new shares shall be issued according to the applicable conversion or warrant conditions. The convertible or warrant bonds must be issued in conformity to market conditions (including the usual market conditions with regard to protection against dilution). The conversion or option price must be not less than the average of the last prices paid on the Zurich stock exchange during the five days preceding the determination of the final issue conditions for the relevant convertible or warrant bonds.

### 4. Shares

4.1 By changing the Articles of Incorporation, the Shareholders' Meeting may at any time convert registered shares into bearer shares and bearer shares into registered shares. The registered shares are subject to the limitations of article 4.3 et seq. of these Articles of Incorporation.

4.2 <sup>1</sup>The Company shall keep a share register, in which the owners and usufructuaries of the registered shares are entered with their name, address and nationality, respectively, place of incorporation in case of legal entities. In relation to the Company, any person entered in the share register shall be deemed to be a shareholder.

<sup>2</sup>The Board of Directors shall issue the necessary rules regarding the maintenance of the share register. The Board of Directors may delegate its duties.

<sup>3</sup>The Board of Directors shall determine in the invitation to the Shareholders' Meeting the cut-off date for entry in the share register relevant to determine the right to participate and vote in the Shareholders' Meeting.

4.3 <sup>1</sup>Subject to the following provisions, the registered shares of the Company are issued as uncertificated securities and registered as intermediated securities. The Company may withdraw shares registered as intermediated securities from the custodian system.

<sup>2</sup>Each shareholder may at any time request from the Company a certification about the shares owned by him/her. The shareholders, however, have no right to request the printing and delivery of certificates for their registered shares.

<sup>3</sup>The Company, however, may at any time print and deliver share certificates (individual certificates, certificates or global certificates) or convert uncertificated securities and share certificates into any other form and may cancel issued share certificates once they have been returned to the Company. The individual certificates and certificates shall carry the facsimile signature of the Chairman and

another member of the Board of Directors.

<sup>4</sup> Transfers of intermediated securities, including the granting of security interests, are subject to the Intermediated Securities Act. In order to be valid vis-à-vis the Company, a transfer of uncertificated shares by assignment requires a notification of such transfer to the Company.

4.4 <sup>1</sup> A person having acquired registered shares shall upon application be entered into the share register as shareholder with voting rights, provided that such person expressly acknowledges that he/she has acquired the shares in his/her own name and for his/her own account. If the person acquiring registered shares does not provide such acknowledgment, the Board of Directors may refuse the entry in the share register.

<sup>2</sup> The Board of Directors may issue rules for the entry in the share register of fiduciaries/nominees. It may enter in the share register fiduciaries/nominees with voting rights of up to 2% of the share capital. The Board of Directors may enter fiduciaries/nominees with voting rights in excess of 2%, if such fiduciaries/nominees disclose the name, address, nationality, respectively, legal entity and shareholding of all persons for whose account they hold at least 0.5% of the outstanding share capital. Fiduciaries/nominees, which are affiliated with other fiduciaries/nominees by means of ownership structure or voting rights, or which have a common management, or are otherwise affiliated, shall be deemed one fiduciary/nominee as regards the application of these entry limitations.

<sup>3</sup> The Board of Directors may cancel the entry in the share register of a shareholder or fiduciary/nominee with voting rights, upon a hearing of such shareholder or fiduciary/nominee, if the entry in the share register is based on false information. The affected shareholder or fiduciary/nominee shall be notified of the cancellation immediately.

4.5 This article remains subject to the mandatory provisions of Art. 685d paragraph 3 of the Swiss Code of Obligations.

4.6 The entry limitations as set forth in article 4.3 et seq. of the Articles of Incorporation shall also be applicable to shares which have been subscribed for or acquired pursuant to the exercise of a subscription, option or conversion right.

## 5. Subscription rights

In the event of an increase in share capital, each shareholder has the right to the portion of the newly issued shares as corresponds to its earlier shareholding. The resolution of the Shareholders' Meeting for the increase of the share capital may only revoke the subscription rights for important reasons. Important reasons shall include in particular the takeover of a business, parts of a business or shareholdings as well as the shareholding interests of the employees. No one shall be favored or disadvantaged in an improper manner by the revocation of the subscription rights.

## 6. Debentures

The Company is entitled to issue debentures which may be registered or to bearer. The Board of Directors shall decide on their issuance and determine the conditions and terms thereof.

## 7. Organization of the Company

The organs of the Company shall be:

7.1 The Shareholders' Meeting

7.2 The Board of Directors

7.3 The Auditors

## 8. The Shareholders' Meeting

8.1 The Shareholders' Meeting shall take place at the domicile of the Company or at a place in Switzerland to be determined by the organ calling the Shareholders' Meeting.

8.2 The shareholder shall exercise at the Shareholders' Meeting its rights in the affairs of the Company; ~~such as election of the organs, acceptance of the Annual Report, and passing resolutions for the~~

- ~~disposition of profits.~~ It may represent itself or be represented by a third party or the independent representative at the Shareholders' Meeting.
- 8.3 The Board of Directors shall give the necessary instructions for determining the voting rights and regulates the issuance of proxies and voting cards. The Chairman shall decide about admission to the Shareholders' Meeting and the acceptance of proxies.
- 8.4 ~~<sup>1</sup> If the Company suggests to the shareholders a member of their organs or another non independent person (organ representative) to represent their voting rights at the Shareholders' Meeting, it must at the same time specify an independent person who may be appointed as representative by the shareholders. This independent person need not be a shareholder. The independent representative shall be elected by the Shareholders' Meeting. Its term of office shall expire after completion of the next Ordinary Shareholders' Meeting. Re-election is possible. If the Company does not have an independent representative, the Board of Directors shall appoint the independent representative for the next Shareholders' Meeting.~~
- ~~<sup>2</sup> Organ representatives, The independent representatives of voters and deposit representatives must shall~~ inform the Company of the amount, kind, nominal value and category of shares represented by ~~them it.~~ The Chairman shall ~~give disclose~~ this information ~~altogether for each kind of representation at the to the~~ Shareholders' Meeting.
- 8.5 <sup>1</sup> The Shareholders' Meeting shall be called at a minimum of twenty days before the date of the Shareholders' Meeting by a single notice by letter to the shareholders entered in the share register and by a single publication in the Swiss Commercial Gazette.
- <sup>2</sup> The notice shall include the matters to be handled as well as the proposals of the Board of Directors and of the shareholders who require that the Shareholders' Meeting be carried out or that a matter be put on the agenda.
- 8.6 <sup>1</sup> Resolutions on proposals for matters which were not in the notice cannot be passed with the exception of proposals to call an Extraordinary Shareholders' Meeting or of carrying out a special audit.
- <sup>2</sup> No prior notice is required for making proposals which are within the scope of the matters to be handled and for discussing matters without passing a resolution.
- 8.7 <sup>1</sup> The Ordinary Shareholders' Meeting shall be called by the Board of Directors each year within six months from the closing of the fiscal year.
- <sup>2</sup> Extraordinary Shareholders' Meetings may be called by the Board of Directors or if necessary the Auditors whenever a meeting is deemed to be in the interest of the Company.
- 8.8 <sup>1</sup> The calling of a Shareholders' Meeting may also be requested by one or more shareholders who together represent at least 10 percent of the share capital. The Board of Directors must convene the requested Shareholders' Meeting within six weeks after the request is received.
- <sup>2</sup> Shareholders who represent shares of a nominal value of CHF 100 000.– may demand that matters be put on the agenda. This request must be submitted at least six weeks before the date of the Shareholders' Meeting of the Company.
- <sup>3</sup> The request to call a meeting and to put a matter on the agenda must be done in writing including the matters to be handled and the proposals.
- 8.9 <sup>1</sup> The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or by another person elected from the Board of Directors by the Board. If no member of the Board of Directors in charge of chairing the Shareholders' Meeting is present, the Meeting shall elect an ad hoc Chairman who need not be a shareholder.
- <sup>2</sup> The minutes shall be kept by the Secretary of the Board of Directors. If not available, the Chairman shall designate a Secretary who need not be a shareholder.
- <sup>3</sup> The Chairman of the Shareholders' Meeting shall if necessary appoint one or more persons to count votes who do not need to be shareholders.

<sup>4</sup> The Chairman shall take all necessary measures to assure the undisturbed and proper performance of the Shareholders' Meeting.

8.10 Each share is entitled to one vote.

8.11 In the Shareholders' Meeting, votes are cast by open ballot, unless the Shareholders' Meeting chooses, or the Chairman orders, a written ballot. Pursuant to the instruction of the Chairman, a ballot may also be cast by electronic means. The Chairman may at any time rerun ~~an open ballot as a written or electronic~~ a ballot if, in the Chairman's opinion, the result of the ~~open~~ ballot is doubtful. In such event, the previous ballot shall be deemed as not existing.

8.12 The Shareholders' Meeting shall have the following non-transferable powers:

- a) to adopt and amend the Articles of Incorporation;
- b) to elect ~~and remove~~ the members of the Board of Directors, the Chairman of the Board of Directors and the members of the Compensation Committee;
- c) to elect ~~and remove~~ the Statutory Auditors;
- ~~d)~~ to elect the independent representative;
- ~~e)~~ to approve the Annual Report management report, if needed the Group accounts, the annual accounts as well as to pass a resolution for the use of the net profit, in particular fixing the dividends;
- ~~f)~~ to approve the compensation of the Board of Directors and of the executive management pursuant to article 11.1 of the Articles of Incorporation;
- ~~e)g)~~ to discharge the members of the Board of Directors and of the executive management;
- ~~f)~~ ~~(repealed);~~
- ~~g)h)~~ to pass resolutions on matters which are reserved to the Shareholders' Meeting by law or statute or which are submitted to it for decision by the Board of Directors;
- ~~h)i)~~ to pass resolutions for converting registered shares into bearer shares and for creating and eliminating voting shares.

8.13 Except where otherwise required by mandatory law or article 8.14 of the Articles of Incorporation, all resolutions of the Shareholders' Meeting are passed by an absolute majority of the votes cast, excluding blank or invalid ballots. The Chairman, insofar as he/she is also a shareholder of the Company, shall participate in the ballots and, in case of a tied vote, he/she shall have the casting vote.

8.14 <sup>1</sup> At least a two-thirds majority of the votes represented and an absolute majority of the par value of shares represented are required for the adoption of a resolution regarding:

- a) amending the purpose of the Company;
- b) creation and elimination of voting shares;
- c) restrictions on the transfer of registered shares;
- d) an authorized or a conditional increase in capital;
- e) increase of the capital by use of capital surplus by contribution of property, for the purpose of an acquisition of property and the grant of special rights;
- f) restriction or suspension of subscription rights;
- g) change in location of the Company's domicile.

<sup>2</sup> Resolutions concerning a merger, demerger and conversion shall be subject to the provisions of the Swiss Merger Act.

**9. The Board of Directors**

- 9.1 <sup>1</sup> The Board of Directors shall consist of at least five members.
- ~~2 The members of the Board of Directors shall be elected by the Shareholders' Meeting for a maximum term of three years. The period between two Ordinary Shareholders' Meetings is deemed to be one year. The term of office for each director shall be fixed with his/her election. The various terms of office shall be fixed in a way to assure that approximately one third of all members is newly elected or reelected each year. Members whose term of office has expired are immediately eligible for reelection. The term of office of the members of the Board of Directors shall expire after completion of the next Ordinary Shareholders' Meeting. The election of the Chairman of the Board of Directors and of the other members of the Board of Directors shall be conducted separately. Reelection is possible.~~
- 9.2 ~~(repealed) If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman from among its members for the remaining term of office.~~
- 9.3 ~~The Board of Directors shall constitute itself. Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee by the Shareholders' Meeting, the Board of Directors shall constitute itself.~~ It shall elect a Secretary who need not be a member of the Board of Directors.
- 9.4 The Board of Directors shall meet as often as business requires, but at least once per quarter. The meetings are generally called by the Chairman and when he/she is not able to do so by another member. Any member may ask, indicating the reasons, for a meeting to be immediately called by the Chairman.
- 9.5 The presence of a majority of its members is necessary for resolutions of the Board of Directors to be passed with the exception of the ascertainment resolution and the resolution concerning the amendment of the Articles of Incorporation as well as the capital increase report in the case of capital increases. Resolutions are passed by an absolute majority of votes of members present. In the case of a tied vote, the Chairman shall have the casting vote. Directors ~~may~~ shall also be deemed to be present if participating by phone or electronic means (video).
- 9.6 <sup>1</sup> Resolutions of the Board of Directors may also be passed by way of written consent (letter, telefax) or by way of an electronic datatransfer provided that no member requests oral deliberation. When sending by telefax or by way of electronic datatransfer, the written form is found to have been observed when the image transmitted also returns the signature by one's own hand and the original is subsequently submitted.
- <sup>2</sup> The text of written resolutions must be sent to all members of the Board of Directors and requires the consent of all members of the Board of Directors to be valid.
- <sup>3</sup> The deliberations and resolutions of the Board of Directors, in particular those resolutions circulated in writing, must be set down in the minutes which shall be signed by the Chairman and the Secretary.
- ~~9.7 The members of the Board of Directors shall be entitled to fixed remuneration as well as reimbursement of their expenses. The Board of Directors shall pass resolutions in this regard.~~
- 9.8~~7~~ <sup>1</sup> The Board of Directors shall have the following non-transferable and irrevocable duties:
- a) to supervise the Company and issue the necessary instructions;
  - b) to determine the organization;
  - c) to arrange the accounting, financial control and planning inasmuch as they are necessary for the management of the Company;
  - d) to appoint and remove the persons entrusted with the Company's management;
  - e) to control those persons entrusted with the management of the Company, also in relation to compliance with laws, statutes, regulations and instructions;



- f) to draw up the business report and the compensation report and to prepare the Shareholders' Meeting and implementation of its resolutions;
- g) to inform the judge in the event of insolvency.

<sup>2</sup>The Board of Directors may assign the preparation and carrying out of its resolutions or the supervision of transactions to committees or individual members. The Board of Directors must make sure the members of the Board of Directors are suitably informed.

**9.98** The Board of Directors may pursuant to Organization By-Laws transfer the management in whole or in part to individual members (delegates) or to third parties (directors, managers). The Organization By-Laws set forth the management, determine the positions necessary for it, describe its duties and regulate in particular reporting.

## **10. The Compensation Committee**

**10.1** The Compensation Committee shall consist of at least three members of the Board of Directors.

**10.2** <sup>1</sup>The members of the Compensation Committee shall be individually elected by the Shareholders' Meeting.

<sup>2</sup>The term of office of the members of the Compensation Committee shall expire after completion of the next Ordinary Shareholders' Meeting. Re-election is possible.

<sup>3</sup>If there are vacancies on the Compensation Committee, the Board of Directors shall fill the vacancies from among its members for the remaining term of office.

**10.3** <sup>1</sup>The Compensation Committee shall constitute itself. The Board of Directors shall appoint a Chairman.

<sup>2</sup>The Board of Directors shall issue a charter establishing the organisation and decision-making process of the Compensation Committee.

**10.4** <sup>1</sup>The Compensation Committee shall support the Board of Directors in establishing and re-viewing the Company's compensation strategy and guidelines and in preparing the proposals to the Shareholders' Meeting regarding the compensation of the members of the Board of Directors and of the executive management, and may submit proposals to the Board of Directors in other compensation-related issues.

<sup>2</sup>The Board of Directors shall determine in a charter for which positions of the Board of Directors and of the executive management the Compensation Committee shall (with or without the involvement of the Chairman of the Board of Directors) submit proposals to the Board of Directors for the applicable performance targets and the compensation levels, and for which positions it shall itself determine, in accordance with the Articles of Incorporation and the compensation guidelines established by the Board of Directors, the applicable performance targets and the compensation levels.

<sup>3</sup>The Board of Directors may delegate further tasks and powers to the Compensation Committee.

## **11. Compensation of the Board of Directors and of the Executive Management**

**11.1** <sup>1</sup>The Shareholders' Meeting shall approve annually the proposals of the Board of Directors in relation to the maximum aggregate amount of:

- a) compensation of the Board of Directors for the period until the next Ordinary Shareholders' Meeting;
- b) fixed compensation of the executive management for the current financial year;
- c) variable compensation of the executive management for the current financial year.

<sup>2</sup>The Board of Directors may submit for approval by the Shareholders' Meeting proposals in relation to maximum aggregate amounts of compensation relating to different periods, in relation to amounts for specific compensation elements for the same or different periods, and in relation to contingent amounts.



- 11.2 In the event a proposal of the Board of Directors has not been approved, the Board of Directors shall determine, taking into account all relevant factors, the respective (maximum) aggregate amount of compensation or (maximum) partial amounts for specific compensation elements, and submit the amount(s) so determined for approval by a subsequent Extraordinary Shareholders' Meeting or by the next Ordinary Shareholders' Meeting.
- 11.3 The Company or any company controlled by it may pay out compensation prior to approval by the Shareholders' Meeting subject to subsequent approval by that body.
- 11.4 The Company or any company controlled by it shall be authorised to grant and pay to members who become members during a compensation period for which the Shareholders' Meeting has already approved the compensation of the executive management a supplementary amount during the compensation period or compensation periods already approved. The supplementary amount per compensation period of all such members shall in total not exceed 80% of the aggregate amounts of fixed and variable compensation of the executive management last approved by the Shareholders' Meeting. The individual compensation level shall not be inconsistent with the Company's then current approach to compensation.
- 11.5 <sup>1</sup>The compensation of the members of the Board of Directors consists of a fixed compensation.
- <sup>2</sup>In addition to a fixed compensation, members of the executive management may be paid a variable compensation, which depends on the performance of the Company and the achievement of certain performance criteria and/or promotes employee retention.
- <sup>3</sup>The performance criteria may include individual targets, targets of the Company, the Group or parts thereof and targets in relation to the market, other companies or comparable benchmarks, taking into account position and level of responsibility of the recipient of the variable compensation. The Board of Directors or, where delegated to it, the Compensation Committee shall determine the relative weight of the performance criteria and the respective target values.
- <sup>4</sup>Compensation to members of the Board of Directors and the executive management may be paid or granted in the form of cash, shares, in kind, or in the form of other types of benefits; compensation to members of the executive management may in addition be paid or granted in the form of options, financial instruments or similar units. The Board of Directors, or where delegated to it, the Compensation Committee shall determine grant, vesting, exercise and forfeiture conditions. It may provide for acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. The Company may procure any shares required to meet any resulting payment obligations through purchases in the market or, to the extent available, by using conditional share capital.
- <sup>5</sup>Compensation may be paid by the Company or companies controlled by it.

## **12. Agreements with Members of the Board of Directors and the Executive Management**

- <sup>1</sup>The Company or companies controlled by it may enter into agreements for a fixed term or for an indefinite term with members of the Board of Directors relating to their compensation. Duration and termination shall comply with the term of office and the law.
- <sup>2</sup>The Company or companies controlled by it may enter into employment agreements with members of the executive management for a fixed term or for an indefinite term. Employment agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Employment agreements for an indefinite term may have a notice period of maximum twelve months.

## **13. Mandates outside the Group**

- <sup>1</sup>No member of the Board of Directors may hold more than fifteen additional mandates of which no more than four mandates in listed companies.

<sup>2</sup> No member of the executive management may, subject to the approval by the Chairman of the Board of Directors, hold more than five additional mandates of which no more than one mandate in a listed company.

<sup>3</sup> The following mandates are not subject to these limitations:

- a) mandates in companies which are controlled by the Company or which control the Company;
- b) mandates held by a member of the Board of Directors or the executive management at the request and on behalf of the Company or any companies controlled by it, including in investment funds not controlled, but managed by the Company or any companies controlled by it;
- c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or of the executive management shall hold more than ten such mandates.

<sup>4</sup> Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

#### **1014. Statutory Auditors**

The Shareholders' Meeting shall elect one or various Auditors as the Statutory Auditors for a one-year term of office. The auditors shall comply with the legal requirements concerning qualifications and independence. Rights and obligations of the Statutory Auditors shall be determined by the applicable legal provisions.

#### **1115. Signatures on behalf of the Company**

The Board of Directors shall appoint authorized signatories for the Company and the type of signature, which should basically be only joint signature by two persons.

#### **1216. Annual accounts and disposition of net earnings**

The annual statement of accounts will be made as at 31 December of each year.

#### **1317. Liquidation**

The Shareholders' Meeting may decide at any time to liquidate the Company. The liquidators shall be elected by the Shareholders' Meeting; members of the Board of Directors may be elected.

#### **1418. Notices**

<sup>1</sup> Official notices of the Company shall be published in the Swiss Commercial Gazette. The Board of Directors may determine other publication vehicles.

<sup>2</sup> Notices from the Company to registered shareholders shall be sent by letter to the addresses entered in the share register. Otherwise, notices from the Company shall be published once for each notice in the Swiss Commercial Gazette.

#### **1519. Acknowledgment of the Articles of Incorporation**

Acquisition, possession and ownership of shares shall imply acknowledgment of the Articles of Incorporation.

#### **1620. Acquisition of assets and contribution in kind**

<sup>1</sup> The Company intends to acquire from UBS AG, Zurich, after the capital increase of 10/22 November 2005, all of the 50 000 registered shares in GAM Holding Ltd., Zurich, with a par value of CHF 1 000.– each, at a maximum price of CHF 3 500 000 000.–.

<sup>2</sup> In the course of the capital increase of 2 December 2005, the Company has acquired from UBS AG, Zurich, in accordance with the contribution in kind/acquisition of assets agreement dated 2

December 2005, 21 000 registered shares in Ehinger & Armand von Ernst Ltd, Zurich, with a par value of CHF 1 000.– each; 300 000 registered shares in Ferrier, Lullin & Cie SA, Geneva, with a par value of CHF 100.– each; 100 000 bearer shares in BDL Banco di Lugano, Lugano, with a par value of CHF 500.– each; 700 000 ordinary shares in Cantrade Private Bank Switzerland (CI) Ltd, St. Helier (Channel Islands), with a par value of GBP 1.– each; 800 000 registered shares in Cantrade Trust Company (Cayman) Ltd, George Town (Cayman Islands), with a par value of CHF 1.– each; and 100 bearer shares in Cantrade Trustee Ltd, Zurich, with a par value CHF 1 000.– each, in the aggregate value and at a total price of CHF 2 788 995 139.–, for which the transferor shall receive 20 997 271 new registered shares, 2 672 800 treasury shares and 330 000 own shares in the Company with a par value of CHF –.10 each while an amount of CHF 578 588 599.90 shall be credited for it.

Zurich, ~~15 April 2014~~ 30 April 2015