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Press Release

NYSE – OPY

**Oppenheimer Holdings Inc.**

**Fourth Quarter 2010 Earnings and Dividend Announcement**

January 28, 2011  
New York, NY

<i>Expressed in thousands of dollars, except per share amounts</i>	Three Months ended		Year ended	
	December 31, 2010	2009	December 31, 2010	2009
<i>(unaudited)</i>				
Revenue	\$296,760	\$273,377	\$1,035,072	\$991,433
Expenses	\$265,486	\$262,768	\$964,306	\$956,620
Profit before income taxes	\$31,274	\$10,609	\$70,766	\$34,813
Net profit attributable to Oppenheimer Holdings Inc.	\$16,540	\$6,463	\$38,331	\$19,487
Basic earnings per share	\$1.24	\$0.49	\$2.87	\$1.49
Diluted earnings per share	\$1.18	\$0.48	\$2.76	\$1.45
Book value per share at December 31	\$37.02	\$34.15	\$37.02	\$34.15

**Business Review**

Oppenheimer Holdings Inc. reported a net profit of \$16.5 million or \$1.24 per share for the fourth quarter of 2010 compared to a net profit of \$6.5 million or \$0.49 per share in the fourth quarter of 2009, an increase of 155.9% in net profit. Revenue for the fourth quarter of 2010 was \$296.8 million, compared to revenue of \$273.4 million in the fourth quarter of 2009, an increase of 8.6%. Client assets under administration totaled approximately \$73.2 billion while client assets under management in fee-based programs totaled approximately \$18.8 billion at December 31, 2010 (\$66.0 billion and \$16.4 billion, respectively, at December 31, 2009).

Net profit for the year ended December 31, 2010 was \$38.3 million or \$2.87 per share compared to \$19.5 million or \$1.49 per share in the same period of 2009, an increase of 96.7% in net profit. Revenue for the year ended December 31, 2010 was \$1.0 billion, an increase of 4.4% compared to \$991.4 million in the same period of 2009.

A recovering economy, coupled with the two-year extension of the Bush-era tax cuts and the prospect of more cooperation in Washington, propelled the U.S equity markets to a gain of 10.2% in the fourth quarter of 2010 and allowed the S&P 500 to reach a level not seen since the credit crisis erupted in the fall of 2008. While high levels of unemployment continue to limit consumer confidence, a higher U.S dollar

and nominally higher longer term interest rates have provided investors with optimism about increasing rates of economic growth as we move into 2011.

In commenting on the Company's results, Albert Lowenthal, Chairman remarked, "The fourth quarter of 2010 was the Company's strongest quarter in three years. Although commission income and income from principal trading declined in the fourth quarter of 2010 compared to the same period in 2009, all other revenue sources showed increases. In 2010, the Company exceeded \$1 billion in total revenue for the first time. The Company also saw a significant increase in investment banking revenue as merger and acquisition activity increased for middle market companies during the period as credit conditions continued to improve. We are quite pleased with the performance of the Company in the fourth quarter and for the year as a whole. With the exception of the effects of a low interest rate environment on overall profitability, the Company has returned to providing higher shareholder returns and we look forward to a continuation of this trend as we move into 2011. Our firm continues to be adversely affected by the impact on our clients of the collapse of the auction rate market in 2008, but recent levels of issuer announcements may indicate that prospects for redemptions of auction rate securities may improve in the new year."

Highlights of the Company's results for the three and twelve months ended December 31, 2010 follow:

### **Revenue and Expenses**

#### **Revenue – Fourth Quarter 2010**

- Commission revenue was \$139.0 million in the fourth quarter of 2010, a decrease of 2.6% compared to \$142.7 million in the fourth quarter of 2009.
- Principal transactions revenue was \$17.6 million in the fourth quarter of 2010 compared to \$22.4 million in the fourth quarter of 2009, a decrease of 21.4%. The decrease was primarily attributable to lower loan trading revenue (\$466,000 in the fourth quarter of 2010 compared to \$4.1 million in the fourth quarter of 2009) and tighter spreads in the bond markets compared to the same period in the prior year.
- Interest revenue was \$13.9 million in the fourth quarter of 2010, an increase of 30.6% compared to \$10.6 million in the fourth quarter of 2009. Interest earned on reverse repurchase agreements held by the government trading desk was \$1.8 million higher in the fourth quarter of 2010 compared to the same period in 2009. This revenue is largely offset by an increase in interest expense from the Company's matched book repo business.
- Investment banking revenue was \$51.6 million in the fourth quarter of 2010, an increase of 45.9% compared to \$35.4 million in the fourth quarter of 2009 primarily due to increased revenue of \$17.5 million from merger & acquisition advisory fees in the fourth quarter of 2010 compared to the same period in 2009. The gain was partially offset by a decrease in syndicate fees on equity issuances of approximately \$2.9 million in the fourth quarter of 2010 compared to the same period in 2009.
- Advisory fees were \$57.8 million in the fourth quarter of 2010, an increase of 13.8% compared to \$50.8 million in the fourth quarter of 2009. Asset management fees increased by \$6.2 million in the fourth quarter of 2010 compared to the same period in 2009 as a result of an increase in the value of assets under management as well as an increase in the number of client accounts in the fourth quarter of 2010 compared to the same period in 2009. Asset management fees are calculated based on client assets under management at the end of the prior quarter which totaled \$17.9 billion at September 30, 2010 (\$15.4 billion at September 30, 2009). Incentive fee income from the Company's general partner participation in hedge funds increased by \$1.8 million in the fourth quarter of 2010 compared to the same period in 2009.
- Other revenue was \$16.9 million in the fourth quarter of 2010, an increase of 46.2% compared to \$11.6 million in the fourth quarter of 2009 primarily as a result of a \$4.9 million increase in fees generated from Oppenheimer Multifamily Housing & Healthcare Finance, Inc. ("OMHHF") (formerly called Evanston Financial Corporation) in the fourth quarter of 2010 compared to the same period in 2009 as well as an increase of \$2.2 million in the value of company-owned life insurance policies utilized for employee deferred compensation plans and highly correlated with similar increases in related compensation expense. These revenue increases were partially offset

by a reduction in legal settlement income of \$2.0 million in the fourth quarter of 2010 compared to the same period in the prior year.

#### Revenue – Year-to-date 2010

- Commission revenue was \$537.7 million in the year ended December 31, 2010, a decrease of 3.2% compared to \$555.6 million in 2009.
- Principal transactions revenue was \$77.2 million in the year ended December 31, 2010 compared to \$107.1 million in 2009, a decrease of 27.9%. The decrease stems from lower income from firm investments (income of \$2.1 million for the year ended December 31, 2010 compared to income of \$9.8 million for 2009) and lower loan trading revenue (\$5.6 million in the year ended December 31, 2010 compared to \$18.1 million in 2009). In addition, there was a decrease of \$8.7 million in fixed income trading in the year ended December 31, 2010 compared to 2009 due to tightened credit spreads in fixed income markets as liquidity returned to those markets in 2010.
- Interest revenue was \$45.9 million in the year ended December 31, 2010, an increase of 27.6% compared to \$36.0 million in 2009. The increase is primarily attributable to interest earned on reverse repurchase agreements held by the government trading desk.
- Investment banking revenue was \$134.9 million in the year ended December 31, 2010, an increase of 48.3% compared to \$91.0 million in 2009 with increased revenue from corporate finance advisory fees of \$19.9 million and fee income associated with private placements of \$11.0 million.
- Advisory fees were \$187.9 million in the year ended December 31, 2010, an increase of 16.9% compared to \$160.7 million in 2009. Asset management fees increased by \$39.1 million in the year ended December 31, 2010 compared to 2009 as a result of an increase in the value of assets under management during the period. Incentive fee income increased by \$1.5 million in the year ended December 31, 2010 compared to 2009. These increases were offset by a decrease of \$10.9 million in fees from money market funds as a result of waivers of \$22.7 million in the year ended December 31, 2010 on fees that otherwise would have been due from money market funds (\$13.1 million during the year ended December 31, 2009).
- Other revenue was \$51.5 million in the year ended December 31, 2010, an increase of 25.2% compared to \$41.1 million in 2009 primarily as a result of a \$14.6 million increase in fees generated from OMHHF in the year ended December 31, 2010 compared to the same period in 2009. Offsetting this increase were decreases of \$1.8 million in legal settlement income, \$1.3 million in research fee income and \$1.3 million in proceeds from company owned life insurance policies in the year ended December 31, 2010 compared to the year ended December 31, 2009.

#### Expenses – Fourth Quarter 2010

- Compensation and related expenses were \$190.3 million in the fourth quarter of 2010, an increase of 1.1% compared to \$188.3 million in the fourth quarter of 2009 primarily due to lower commission revenue resulting in a corresponding decrease in brokers' commission-based compensation.
- Clearing and exchange fees were \$5.8 million in the fourth quarter of 2010, a decrease of 19.3% compared to \$7.2 million in the same period of 2009 partly due to lower transaction volumes in the fourth quarter of 2010 compared to the same period in 2009.
- Communications and technology expenses were \$16.1 million in the fourth quarter of 2010, an increase of 11.7% compared to \$14.4 million in the fourth quarter of 2009 due primarily to an increase of \$2.4 million in IT-related expenses in the fourth quarter of 2010 compared to the same quarter of 2009 due to the Company's new data center being placed in service in August 2010.
- Occupancy and equipment costs were \$19.5 million in the fourth quarter of 2010, an increase of 3.4% compared to \$18.9 million in the fourth quarter of 2009 primarily due to an increase in depreciation and amortization costs in the fourth quarter of 2010 related to the build out of the Company's new data center compared to the same period in 2009.
- Interest expense was \$7.7 million in the fourth quarter of 2010, an increase of 37.2% compared to \$5.6 million in the same period in 2009 primarily due to interest expense incurred on positions

and repurchase agreements held by the government trading desk. This expense is largely offset by an increase in interest revenue from the Company's matched book repo business.

- Other expenses were \$26.0 million in the fourth quarter of 2010, a decrease of 8.1% compared to \$28.3 million in the same period in 2009 primarily due to a \$1.3 million one-time charge in the quarter ended December 31, 2009 related to the Company's non-controlling interest in OMHHF.

#### Expenses – Year-to-date 2010

- Compensation and related expenses were \$672.3 million in the year ended December 31, 2010, flat compared to \$672.3 million in 2009.
- Clearing and exchange fees were \$25.8 million in the year ended December 31, 2010, a decrease of 3.7% to compared to \$26.7 million in 2009 primarily due to lower execution costs associated with the options trading business.
- Communications and technology expenses were \$64.7 million for the year ended December 31, 2010, an increase of 3.2% compared to \$62.7 million in 2009 due primarily to an increase of \$1.8 million in IT-related expenses in the year ended December 31, 2010 compared to 2009 due to the Company's new data center being placed in service in August 2010.
- Occupancy and equipment costs were \$74.4 million for the year ended December 31, 2010, flat compared to \$74.4 million in 2009.
- Interest expense was \$25.9 million in the year ended December 31, 2010, an increase of 23.1% compared to \$21.1 million in 2009 primarily due to interest expense incurred on positions and repurchase agreements held by the government trading desk. This expense is largely offset by an increase in interest revenue from the Company's matched book repo business.
- Other expenses were \$101.3 for the year ended December 31, 2010, an increase of 1.9% compared to \$99.4 million in 2009 primarily due to an increase in legal costs of approximately \$1.6 million as a result of increased client litigation and arbitration activity and external portfolio manager fees of \$3.2 million offset by the impact of a charge of \$2.0 million in 2009 resulting from the Company changing its jurisdiction from Canada to the U.S. which took place in May 2009.

#### **Stockholders' Equity and Dividend Declaration**

- At December 31, 2010, total equity was \$497.7 million compared to \$451.4 million at December 31, 2009.
- At December 31, 2010, book value per share was \$37.02 (compared to \$34.15 at December 31, 2009) and tangible book value per share was \$24.07 (compared to \$20.87 at December 31, 2009).
- The Company announced today a quarterly cash dividend in the amount of \$0.11 per share, payable on February 25, 2011 to holders of Class A non-voting and Class B voting common stock of record on February 11, 2011.

**OPPENHEIMER HOLDINGS INC.**  
**SUMMARY STATEMENT OF OPERATIONS (UNAUDITED)**

*\$ in thousands, except share and  
per share amounts*

	<b>Three Months Ended</b>			<b>Year Ended</b>		
	<b>12/31/10</b>	<b>12/31/09</b>	<b>% Δ</b>	<b>12/31/10</b>	<b>12/31/09</b>	<b>% Δ</b>
<b>REVENUE</b>						
Commissions	\$139,011	\$142,661	-2.6%	\$537,730	\$555,574	-3.2%
Principal transactions, net	17,581	22,374	-21.4%	77,183	107,094	-27.9%
Interest	13,875	10,625	30.6%	45,871	35,960	27.6%
Investment banking	51,595	35,363	45.9%	134,906	90,960	48.3%
Advisory fees	57,754	50,762	13.8%	187,888	160,705	16.9%
Other	16,944	11,592	46.2%	51,494	41,140	25.2%
	<u>296,760</u>	<u>273,377</u>	8.6%	<u>1,035,072</u>	<u>991,433</u>	4.4%
<b>EXPENSES</b>						
Compensation & related expenses	190,276	188,257	1.1%	672,244	672,325	0.0%
Clearing & exchange fees	5,844	7,244	-19.3%	25,754	26,748	-3.7%
Communications & technology	16,122	14,435	11.7%	64,700	62,724	3.2%
Occupancy & equipment costs	19,505	18,869	3.4%	74,389	74,372	0.0%
Interest	7,706	5,618	37.2%	25,914	21,050	23.1%
Other	26,033	28,345	-8.2%	101,305	99,401	1.9%
	<u>265,486</u>	<u>262,768</u>	1.0%	<u>964,306</u>	<u>956,620</u>	0.8%
Profit before income taxes	31,274	10,609	194.8%	70,766	34,813	103.3%
Income tax provision	<u>13,938</u>	<u>4,146</u>	236.2%	<u>30,187</u>	<u>15,326</u>	97.0%
Net profit for the period	17,336	6,463	168.2%	40,579	19,487	108.2%
Net profit attributable to non-controlling interest, net of tax	<u>(796)</u>	<u>-</u>	-	<u>(2,248)</u>	<u>-</u>	-
Net profit attributable to Oppenheimer Holdings Inc.	<u>\$16,540</u>	<u>\$6,463</u>	155.9%	<u>\$38,331</u>	<u>\$19,487</u>	96.7%
Profit per share attributable to Oppenheimer Holdings Inc.						
Basic	\$1.24	\$0.49		\$2.87	\$1.49	
Diluted	\$1.18	\$0.48		\$2.76	\$1.45	
Weighted avg. shares outstanding	13,364,137	13,116,107		13,340,846	13,110,647	
Actual shares outstanding	13,368,202	13,217,681		13,368,202	13,217,681	

## **Company Information**

Oppenheimer, through its principal subsidiaries, Oppenheimer & Co. Inc. (a U.S. broker-dealer) and Oppenheimer Asset Management Inc., offers a wide range of investment banking, securities, investment management and wealth management services from 94 offices in 26 states and through local broker-dealers in 4 foreign jurisdictions. Oppenheimer employs over 3,500 people. The Company offers trust and estate services through Oppenheimer Trust Company. OPY Credit Corp. offers syndication as well as trading of issued corporate loans. Oppenheimer Multifamily Housing & Healthcare Finance, Inc. (formerly called Evanston Financial Corporation) is engaged in mortgage brokerage and servicing. In addition, through Freedom Investments, Inc. and the BUYandHOLD division of Freedom, Oppenheimer offers online discount brokerage and dollar-based investing services.

## **Forward-Looking Statements**

This press release includes certain “forward-looking statements” relating to anticipated future performance. For a discussion of the factors that could cause future performance to be different than anticipated, reference is made to Factors Affecting “Forward-Looking Statements” and Part 1A – Risk Factors in Oppenheimer’s Annual Report on Form 10-K for the year ended December 31, 2009.

For further information, please contact:

A.G. Lowenthal 212 668-8000 or E.K. Roberts 416 322-1515