Press Release

NYSE – OPY

Oppenheimer Holdings Inc.

First Quarter 2012 Earnings and Dividend Announcement

April 26, 2012
New York, NY

Expressed in thousands of dollars, except share and per share amounts	Three Months ended March 31, 2012	2011
(unaudited)		
Revenue	$238,214	$253,417
Expenses	$244,703	$243,588
Profit (loss) before taxes	($6,489)	$9,829
Net profit (loss) attributable to Oppenheimer Holdings Inc.	($4,657)	$5,086
Basic earnings (loss) per share	($0.34)	$0.38
Diluted earnings (loss) per share	($0.34)	$0.36
Book value per share	$37.32	$37.30

Business Review

Oppenheimer Holdings Inc. reported a net loss of $4.7 million or ($0.34) per share for the first quarter of 2012, compared to a net profit of $5.1 million or $0.38 per share in the first quarter of 2011. Revenue for the first quarter of 2012 was $238.2 million compared to revenue of $253.4 million in the first quarter of 2011, a decrease of 6.0%. Client assets entrusted to the Company and under administration totaled approximately $83.2 billion while client assets under fee-based programs offered by the asset management groups totaled approximately $20.1 billion at March 31, 2012 ($74.8 billion and $19.9 billion, respectively, at March 31, 2011). The results for the quarter were negatively impacted by costs associated with auction rate securities (litigation costs and valuation adjustments to auction rate securities the Company has purchased or committed to purchase at a future date) of $9.6 million and the New York City real estate consolidation of $6.3 million.

The U.S. economy continues to show signs of improvement including increased economic activity and a somewhat better employment picture. The overhang arising from issues related to European sovereign debt and signs of slowing economies in Europe and China has put a brake on rising consumer confidence. While equity markets continued to climb during the first quarter, they did so on low volume and stock markets still have not attracted participation by the individual retail investor. Interest rates remain at historically low levels and concerns over Iran and potential disruptions in oil supply have given rise to increased prices at the gas pump and raised concerns over inflationary pressures. These elements have led to a cautionary period and a difficult operating environment.

Client assets under administration increased 11.2% while assets under fee-based programs increased 1.1% at March 31, 2012 compared to March 31, 2011. We experienced an overall decline of 6.0% in revenue compared to the first quarter of 2011, but an overall increase of 3.8% in revenue compared to the fourth quarter of 2011.

In commenting on the Company's results, Albert Lowenthal, Chairman of Oppenheimer remarked, "It goes without saying that we are disappointed in our results for the first quarter of 2012. While we continued to attract new clients and saw continued increases in client assets held by the Company, this did not translate into higher revenues. While many of the cash expenses associated with the move to our new headquarters in New York City have been reimbursed by the landlord, the required accounting treatment resulted in a significant negative impact to earnings for the quarter. In addition, costs resulting from the failure of the auction rate securities (ARS) market in 2008 had a significant impact on the first quarter of 2012. The impact arises from valuing ARS previously purchased and those committed to be purchased from clients in an increasing interest rate environment as well the costs associated with resolving numerous ARS arbitrations that were pending. When we make a decision to resolve these or any other ARS cases, we do so with the intent of resolving them with the least possible risk to the Company and at the lowest cost. During the first quarter of 2012, we resolved eleven ARS cases. This represents substantially less than the amounts claimed in these cases and provides certainty of outcome for the Company. Such costs include both settlement costs, legal costs and liquidity allowances for commitments associated with purchasing ARS from plaintiffs over the next few years. We continue to work to put this important issue behind us."

Highlights of the Company's results for the three months ended March 31, 2012 follow:

Revenue and Expenses

Revenue - First Quarter 2012

- Commission revenue was $125.6 million for the first quarter of 2012, a decrease of 8.2% compared to $136.9 million in the first quarter of 2011. Investors remained largely on the side-lines as worries about the economy continued to impact their decisions.
- Principal transactions revenue was $12.6 million in the first quarter of 2012 compared to $11.0 million in the first quarter of 2011, an increase of 14.2%. The increase primarily relates to higher income from fixed income trading of $3.6 million as well as higher investment income of $1.6 million in the first quarter of 2012 compared to the same period in 2011. These increases are offset by an increase of $3.9 million in the valuation adjustment against the Company's holdings of and commitments to purchase client auction rate securities.
- Interest revenue was $13.4 million in the first quarter of 2012, a decrease of 9.4% compared to $14.8 million in the first quarter of 2011, primarily as a result of a reduction in interest revenue associated with reverse repurchase agreements.
- Investment banking revenue for the first quarter of 2012 was $20.1 million, a decrease of 29.4% compared to $28.4 million in the first quarter of 2011 primarily due to a decrease of $8.5 million in corporate advisory fees in the first quarter of 2012 compared to the same period of 2011.

- Advisory fees were $50.1 million in the first quarter of 2012, an increase of 3.4% compared to $48.4 million in the first quarter of 2011. Asset management fees increased by $1.5 million in the first quarter of 2012 compared to the same period in 2011. Asset management fees are calculated based on client assets under management at the end of the prior quarter which were $18.6 billion at December 31, 2011, a decrease of 1.1% compared to $18.8 billion at December 31, 2010.
- Other revenue for the first quarter of 2012 was $16.5 million, an increase of 18.5% compared to $13.9 million in the first quarter of 2011 primarily due to an increase of $2.2 million in the market value of Company-owned life insurance policies that support our deferred compensation plans as well as an increase of $765,000 in loan origination and servicing fees from the Oppenheimer Multifamily Housing & Healthcare Finance business.

<u>Expenses - First Quarter 2012</u>

- Compensation and related expenses for the first quarter of 2012 were $158.7 million, a decrease of 6.9% compared to $170.4 million in the first quarter of 2011. The decrease was a result of lower compensation that is directly related to lower production-related revenue as well as a decrease in share-based compensation expense of $3.6 million.
- Clearing and exchange fees for the first quarter of 2012 were $6.0 million, a decrease of 4.5% compared to $6.3 million in the first quarter of 2011 due to lower transaction volumes.
- Communications and technology expenses for the first quarter of 2012 were $16.1 million, an increase of 1.2% compared to $15.9 million in the first quarter of 2011 as a result of higher market data-related costs.
- Occupancy and equipment costs for the first quarter of 2012 were $24.3 million, an increase of 31.3% compared to $18.5 million in the first quarter of 2011. As discussed above, the New York City real estate consolidation resulted in additional costs of $6.3 million during the quarter from overlapping rent, accelerated amortization of fixed and intangible assets, and relocation costs. The Company expects a further $2.8 million in overlapping rent costs to be incurred during the balance of 2012. These costs have largely been reimbursed by the new landlord through a “free rent” period which expires in February 2013, which reimbursement will be recognized over the life of the lease as required by U.S. GAAP.
- Interest expenses were $8.8 million for the first quarter of 2012, an increase of 13.1% compared to $7.8 million in the first quarter of 2011 primarily due to higher interest costs related to the senior secured note which was put into place in April 2011.
- Other expenses for the first quarter of 2012 were $30.7 million, an increase of 25.0% compared to $24.6 million in the first quarter of 2011 primarily due to increased legal and settlement costs of $3.1 million as well as increased fees to outside portfolio managers of $2.3 million in the first quarter of 2012 compared to the same period in 2011.

Stockholders’ Equity and Dividend Declaration

- At March 31, 2012, total stockholders’ equity was $507.2 million compared to $513.4 million at December 31, 2011.
- At March 31, 2012, book value per share was $37.32 (compared to $37.30 at March 31, 2011) and tangible book value per share was $24.33 (compared to $23.03 at March 31, 2011).
- The Company announced today a quarterly dividend in the amount of $0.11 per share, payable on May 25, 2012 to holders of Class A non-voting and Class B voting common stock of record on May 11, 2012.

Oppenheimer Holdings Inc.
Summary Statement of Operations (unaudited)

Expressed in thousands of dollars, except share and per share amounts			
	Three Months Ended		
	3/31/2012	**3/31/2011**	**% Δ**
REVENUE			
Commissions	$125,634	$136,855	-8.2%
Principal transactions, net	12,555	10,991	14.2%
Interest	13,393	14,789	-9.4%
Investment banking	20,087	28,441	-29.4%
Advisory fees	50,077	48,449	3.4%
Other	16,468	13,892	18.5%
	238,214	253,417	-6.0%
EXPENSES			
Compensation & related expenses	158,651	170,415	-6.9%
Clearing & exchange fees	6,031	6,313	-4.5%
Communications & technology	16,138	15,939	1.2%
Occupancy & equipment costs	24,344	18,546	31.3%
Interest	8,792	7,774	13.1%
Other	30,747	24,601	25.0%
	244,703	243,588	0.5%
Profit (loss) before taxes	(6,489)	9,829	n/a
Income tax provision (benefit)	(2,606)	4,068	n/a
Net profit (loss) for the period	(3,883)	5,761	n/a
Net profit attributable to non-controlling interest, net of tax	(774)	(675)	14.7%
Net profit (loss) attributable to Oppenheimer Holdings Inc.	($4,657)	$5,086	n/a
Profit per share attributable to Oppenheimer Holdings Inc.:			
Basic	($0.34)	$0.38	
Diluted	($0.34)	$0.36	
Basic weighted average shares outstanding	13,597,330	13,550,723	
Actual shares outstanding	13,588,842	13,634,743	

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 over 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 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, 2011.

For further information, please contact:

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