



Press Release

NYSE – OPY

Oppenheimer Holdings Inc.

First Quarter 2010 Earnings and Dividend Announcement

April 30, 2010
New York, NY

*Expressed in thousands of dollars,
except share and per share amounts*

Three Months ended
March 31,
2010 2009

(unaudited)

Revenue	\$246,862	\$205,265
Expenses	\$231,002	\$208,087
Profit (loss) before taxes	\$15,860	\$(2,822)
Net profit (loss) attributable to Oppenheimer Holdings Inc.	\$9,168	\$(2,014)
Basic earnings (loss) per share	\$0. 69	\$(0.15)
Diluted earnings (loss) per share	\$0.66	\$(0.15)
Book value per share	\$34.73	\$32.43

Business Review

Oppenheimer Holdings Inc. reported a net profit of \$9.2 million or \$0.69 per share for the first quarter of 2010, compared to a net loss of \$2.0 million or \$0.15 per share in the first quarter of 2009. Revenue for the first quarter of 2010 was \$246.9 million, compared to revenue of \$205.3 million in the first quarter of 2009, an increase of 20.3%. Client assets entrusted to the Company and under administration totaled approximately \$69.6 billion while client assets under fee-based programs offered by the asset management groups totaled approximately \$17.0 billion at March 31, 2010 (\$48.1 billion and \$11.5 billion, respectively, at March 31, 2009).

As the first quarter of 2010 drew to a close, there were strong indications that the U.S. economy is on the path to recovery. While the unemployment rate remains stubbornly above 9.5%, housing prices have stabilized and begun to improve in many parts of the United States and commodity prices including oil have increased reflecting overall improvements in demand throughout the economy. Although consumer credit continues to reflect difficult times for many consumers, recent retail sales figures reflect improvement in end demand. U.S. equity markets were weak in the early weeks of the quarter, but they

rallied strongly to end the quarter up 4.9% as investor confidence improved. While longer term U.S. Treasury yields have begun to increase reflecting increased issuance and an improved economy, short term rates remain at record low rates reflecting the intention of policy makers to continue to stimulate the economy.

These improving market conditions have led to overall revenue improvements for the Company in the first quarter of 2010 compared to the first quarter of 2009. Revenue from commissions in the three months ended March 31, 2010 surpassed the level achieved in the comparable period in 2009 as a result of the effects of rising equity prices and improved investor confidence. Revenue from principal transactions was lower in the three months ended March 31, 2010 compared to the same period in 2009 as improved conditions in the credit markets resulted in lower volatility and reduced spreads which negatively impacted fixed income trading profits. Revenue for the Company from investment banking activities showed a significant improvement in the first quarter of 2010 compared to the same period in 2009, fueled by equities issuance. Net interest revenue for the Company, as well as fees derived from money market funds and FDIC insured deposits of clients, while improved compared to the first quarter of 2009, continue to be significantly and adversely affected by the low interest rate environment. Asset management advisory fees increased in the first quarter of 2010 due primarily to increases in the value of assets under management compared to the same period in the prior year.

Expenses increased in the first quarter of 2010 compared to the first quarter of 2009 driven by higher compensation costs related to higher commission and fee-based revenue and higher legal costs related to litigation and regulatory matters. These increases were offset by reductions in data processing costs.

In commenting on the Company's results, Albert Lowenthal, Chairman remarked, "While we are encouraged by our improved results for the first quarter, we continue to work to improve our profitability which we expect will be driven by improved results from our investment banking group, higher interest rates and a tight control over expenses. We continue to focus on opportunities to improve our business through expanding our geographic penetration and hiring experienced professionals across our platform. We were pleased to reach settlement with regulators from New York and Massachusetts on auction rate securities issues during the quarter that will begin to bring relief to investors and permit the Company to continue to work toward a more comprehensive solution to this important problem."

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

Revenue and Expenses

Revenue - First Quarter 2010

- Commission revenue was \$138.2 million for the first quarter of 2010, an increase of 11.6% compared to \$123.8 million in the first quarter of 2009. Increased investor participation and stronger markets in the 2010 period contributed to the improvement.
- Principal transactions revenue was \$16.7 million in the first quarter of 2010 compared to \$24.7 million in the first quarter of 2009, a decrease of 32.6%. The decrease stems from lower profits in fixed income trading which were \$12.0 million in the first quarter of 2010 compared to \$19.8 million in the first quarter of 2009. The strong 2009 profits in fixed income trading were driven by a period of unprecedented volatility in the credit markets, wide spreads and a strong improvement in confidence which led to a rapid increase in bond prices in 2009's first quarter, compared to the more moderate movements prevailing in the most recent quarter of 2010.
- Interest revenue was \$13.8 million in the first quarter of 2010, an increase of 83.0% compared to \$7.5 million in the first quarter of 2009. The increase of \$6.3 million is primarily attributable to interest earned on positions and reverse repurchase agreements held by the government trading desk which began operations in June 2009.

- Investment banking revenue increased 193.1% to \$25.2 million in the first quarter of 2010, compared to \$8.6 million in the first quarter of 2009 with revenue from equity issuance in an improving environment accounting for \$9.8 million of the variance.
- Advisory fees were \$42.8 million in the first quarter of 2010, an increase of 19.7% compared to \$35.8 million in the first quarter of 2009. Asset management fees increased by \$11.4 million in the first quarter of 2010 compared to the same period in 2009 as a result of an increase in the value of assets under management of 31.2% during the period. Asset management fees are calculated based on client assets under management at the end of the prior quarter and were \$16.4 billion at December 31, 2009 (\$12.5 billion at December 31, 2008). This increase was offset by a decrease of \$5.5 million due to waivers on fees that otherwise would have been due from money market funds.
- Other revenue increased 111.2% to \$10.2 million in the first quarter of 2010 compared to \$4.9 million in the first quarter of 2009 primarily as a result of a \$2.4 million increase in the mark-to-market value of Company-owned life insurance policies that relate to our deferred compensation programs and increased fees generated from Evanston Financial in the amount of \$2.3 million.

Expenses - First Quarter 2010

- Compensation and related expenses increased 12.5% in the first quarter of 2010 to \$158.2 million from \$140.7 million during the first quarter of 2009. Production and incentive-related compensation increased \$13.0 million, deferred compensation costs increased \$2.6 million and payroll taxes and health benefits increased \$4.4 million in the first quarter of 2010 compared with the same period in 2009. These increases were offset by a decrease of \$3.9 million in share-based compensation expense directly related to the drop in the price of the Company's stock during the quarter (\$25.51 per share at March 31, 2010 compared to \$33.22 per share at December 31, 2009) as well as an out-of-period adjustment related to over-accruals in compensation of \$3.7 million which was adjusted in the current period.
- Clearing and exchange fees increased 14.4% to \$6.6 million in the first quarter of 2010 compared to \$5.7 million in the same period of 2009 due to increased transaction volume.
- Communications and technology expenses decreased 16.8% to \$16.4 million in the first quarter of 2010 from \$19.8 million in the same period of 2009 as a result of a reduction in market data costs of \$2.4 million. This reduction stems from favorable contract negotiations as well as the elimination of redundant services.
- Occupancy and equipment costs of \$18.5 million in the first quarter of 2010 were flat compared to \$18.2 million in the first quarter of 2009.
- Interest expenses increased 8.0% to \$6.0 million in the first quarter of 2010 from \$5.5 million in the same period in 2009 primarily due to interest expense incurred on positions and repurchase agreements held by the government trading desk which began operations in June 2009.
- Other expenses increased 39.7% to \$25.4 million in the first quarter of 2010 from \$18.2 million in the same period in 2009 primarily due to increased legal costs of approximately \$4.5 million which have been incurred in response to increased client litigation and arbitration activity as well as legal costs to resolve regulatory matters.

Stockholders' Equity and Dividend Declaration

- At March 31, 2010, stockholders' equity was \$463.3 million compared to \$451.4 million at December 31, 2009.
- At March 31, 2010, book value per share was \$34.73 compared to \$32.43 at March 31, 2009.
- The Company announced today a quarterly dividend in the amount of \$0.11 per share, payable on May 28, 2010 to holders of Class A non-voting and Class B voting common stock of record on May 14, 2010.

**Oppenheimer Holdings Inc,
Summary Statement of Operations (unaudited)**

<i>Expressed in thousands of dollars, except share and per share amounts</i>			
	Three Months Ended		
	3/31/2010	3/31/2009	% Δ
REVENUE			
Commissions	\$138,197	\$123,796	11.6%
Principal transactions, net	16,675	24,741	-32.6%
Interest	13,769	7,522	83.0%
Investment banking	25,184	8,592	193.1%
Advisory fees	42,794	35,764	19.7%
Other	10,243	4,850	111.2%
	<u>246,862</u>	<u>205,265</u>	<u>20.3%</u>
EXPENSES			
Compensation & related expenses	158,179	140,662	12.5%
Clearing & exchange fees	6,562	5,738	14.4%
Communications & technology	16,440	19,751	-16.8%
Occupancy & equipment costs	18,460	18,233	1.2%
Interest	5,988	5,543	8.0%
Other	25,373	18,160	39.7%
	<u>231,002</u>	<u>208,087</u>	<u>10.9%</u>
Profit (loss) before taxes	15,860	(2,822)	n/a
Income tax provision (benefit)	6,496	(808)	n/a
Net profit (loss) for the period	9,364	(2,014)	n/a
Net profit attributable to non-controlling interest, net of tax	(196)	-	n/a
Net profit (loss) attributable to Oppenheimer Holdings Inc.	<u>\$9,168</u>	<u>(\$2,014)</u>	<u>n/a</u>
Profit (loss) per share attributable to Oppenheimer Holdings Inc.:			
Basic	\$0.69	(\$0.15)	n/a
Diluted	\$0.66	(\$0.15)	n/a
Basic weighted average shares outstanding	13,296,980	13,072,097	
Actual shares outstanding	13,341,232	13,068,672	

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. 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