



Press Release

NYSE – OPY

Oppenheimer Holdings Inc.

First Quarter 2011 Earnings and Dividend Announcement

April 29, 2011
New York, NY

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

Three Months ended
March 31,
2011 2010

(unaudited)

Revenue	\$253,417	\$246,175
Expenses	\$243,588	\$230,315
Profit before taxes	\$9,829	\$15,860
Net profit attributable to Oppenheimer Holdings Inc.	\$5,086	\$9,168
Basic earnings per share	\$0.38	\$0.69
Diluted earnings per share	\$0.36	\$0.66
Book value per share	\$36.31	\$34.73

Business Review

Oppenheimer Holdings Inc. reported a net profit of \$5.1 million or \$0.38 per share for the first quarter of 2011, compared to \$9.2 million or \$0.69 per share in the first quarter of 2010, a decrease of 44.5%. Revenue for the first quarter of 2011 was \$253.4 million compared to revenue of \$246.2 million in the first quarter of 2010, an increase of 2.9%. Client assets entrusted to the Company and under administration totaled approximately \$74.8 billion while client assets under fee-based programs offered by the asset management groups totaled approximately \$19.9 billion at March 31, 2011 (\$69.6 billion and \$17.0 billion, respectively, at March 31, 2010).

The global economy continued to recover during the first quarter of 2011 and the stock market recovered to new highs during the quarter. The recovery continued despite uprisings in the middle east and northern Africa, the earthquake and tsunami in Japan, continued concerns over European sovereign debt, signs of inflationary pressures throughout the emerging economies as well as expectations for higher interest rates.

While job creation drove reduced unemployment and the reported earnings of American corporations generally recovered, concerns about record fiscal deficits and continued discord in Washington created market volatility amidst low volumes and lower investor participation in the markets.

Revenue increased by 2.9% in the first quarter of 2011 compared to the first quarter of 2010 driven by increased revenue relating to interest, investment banking and advisory fees, offset by reduced principal transaction revenue.

Expenses increased by 5.8% in the first quarter of 2011 compared to the first quarter of 2010 driven primarily by higher compensation costs. A significant increase in share-based compensation costs related to the Company's stock appreciation rights plan contributed to a \$7.6 million difference in compensation related costs between the three-month periods ended March 31, 2011 and March 31, 2010, as discussed below.

In commenting on the Company's results, Albert Lowenthal, Chairman remarked, "Though the fundamental business of Oppenheimer continued to move ahead, first quarter results were significantly impacted by the increase in the Company's (OPY) stock price and its impact on reported results. While transaction-based revenue and net interest income remained disappointing, we were pleased with our increase in revenue from fee-based programs and the increased pace of investment banking engagements. In addition, we are pleased with our successful effort to refinance our outstanding debt which should satisfy our need for capital well into the future. We believe that our timing on fixing our costs for this debt will prove attractive as we expect interest rates to increase over coming quarters."

Highlights of the Company's results for the three months ended March 31, 2011 follow:

Revenue and Expenses

Revenue - First Quarter 2011

- Commission revenue was \$136.9 million for the first quarter of 2011, a decrease of 1.0% compared to \$138.2 million in the first quarter of 2010. Market conditions in the first quarter of 2011 were comparable to conditions in the first quarter of 2010.
- Principal transactions revenue was \$11.0 million in the first quarter of 2011 compared to \$20.2 million in the first quarter of 2010, a decrease of 45.5%. The decrease stems from lower profits in loan trading income which were \$321,400 in the first quarter of 2011 compared to \$3.3 million in the first quarter of 2010 reflecting lower trading activity. Trading revenue in fixed income declined by \$5.9 million in the first quarter of 2011 compared with the first quarter of 2010 driven primarily by increases to valuation adjustments of \$3 million during the period related to a larger principal amount of auction rate securities.
- Interest revenue was \$14.8 million in the first quarter of 2011, an increase of 54.4% compared to \$9.6 million in the first quarter of 2010. The increase is primarily attributable to interest earned on positions and reverse repurchase agreements held by the government trading desk which did substantially more business in the first quarter of 2011 compared to the same period in 2010.
- Investment banking revenue for the first quarter of 2011 was \$28.4 million, an increase of 12.9% compared to \$25.2 million in the first quarter of 2010 driven by a \$5.3 million increase in corporate advisory fees offset by a decrease of \$1.8 million in fees associated with equities underwritings.
- Advisory fees were \$48.4 million in the first quarter of 2011, an increase of 13.2% compared to \$42.8 million in the first quarter of 2010. Asset management fees increased by \$6.2 million in the first quarter of 2011 compared to the same period in 2010 as a result of an increase in the value of assets under management of 14.6% during the period. Asset management fees are calculated based on client assets under management at the end of the prior quarter and were \$18.8 billion at December 31, 2010 (\$16.4 billion at December 31, 2009). This increase was offset by a decrease

of \$311,000 of fees earned on money market products during the first quarter of 2011. During the first quarter of 2011, the Company waived \$5.9 million in fees that otherwise would have been due from money market funds (\$6.1 million in the first quarter of 2010).

- Other revenue for the first quarter of 2011 was \$13.9 million, an increase of 35.6% compared to \$10.2 million in the first quarter of 2010 primarily as a result of an increase of \$3.5 million in loan origination and servicing fees from the Oppenheimer Multifamily Housing & Healthcare Finance business.

Expenses - First Quarter 2011

- Compensation and related expenses for the first quarter of 2011 were \$170.4 million, an increase of 7.7% compared to \$158.2 million in the first quarter of 2010. As indicated above, share-based compensation expense directly related to the increase in the price of the Company's stock during the quarter accounted for \$7.6 million of the variance. The Company's stock price was \$33.51 per share at March 31, 2011 compared to \$26.21 per share at December 31, 2010 resulting in an expense of \$3.6 million during the three-month period ended March 31, 2011. During the comparable period in 2010, the Company recorded a credit of \$4.0 million based on a decline in the Company's stock price (\$25.51 per share at March 31, 2010 compared to \$33.22 per share at December 31, 2009). In addition, production and incentive-related compensation increased by \$5.7 million for the first quarter of 2011 due to overall higher revenue on which such compensation was measured in 2011 compared to 2010 and due to the recording of an out-of-period adjustment in the first quarter of 2010 in the amount of \$3.7 million related to overaccruals in compensation expense in 2009 which reduced expenses in the 2010 period.
- Clearing and exchange fees for the first quarter of 2011 were \$6.3 million, a decrease of 3.8% compared to \$6.6 million in the first quarter of 2010 due to lower transaction volumes.
- Communications and technology expenses for the first quarter of 2011 were \$15.9 million, a decrease of 3.0% compared to \$16.4 million in the first quarter of 2010 as a result of lower data communication and software costs offset by higher market data related costs.
- Occupancy and equipment costs for the first quarter of 2011 were \$18.5 million, relatively unchanged from the first quarter of 2010.
- Interest expenses were \$7.8 million for the first quarter of 2011, an increase of 46.7% compared to \$5.3 million in the first quarter of 2010 primarily due to interest expense incurred on repurchase agreements utilized to finance higher levels of government inventories and for "matched-book" transactions.
- Other expenses for the first quarter of 2011 were \$24.6 million, a decrease of 3.0% compared to \$25.4 million in the first quarter of 2010 primarily due to decreased legal costs.

Stockholders' Equity and Dividend Declaration

- At March 31, 2011, stockholders' equity attributable to the Company was \$495.1 million compared to \$494.6 million at December 31, 2010.
- At March 31, 2011, book value per share was \$36.31 (compared to \$34.73 at March 31, 2010) and tangible book value per share was \$23.82 (compared to \$21.63 at March 31, 2010).
- The Company announced today a quarterly dividend in the amount of \$0.11 per share, payable on May 27, 2011 to holders of Class A non-voting and Class B voting common stock of record on May 13, 2011.

Oppenheimer Holdings Inc.
Summary Statement of Operations (unaudited)

<i>Expressed in thousands of dollars, except share and per share amounts</i>			
	Three Months Ended		
	3/31/2011	3/31/2010	% Δ
REVENUE			
Commissions	\$136,855	\$138,197	-1.0%
Principal transactions, net	10,991	20,179	-45.5%
Interest	14,789	9,578	54.4%
Investment banking	28,441	25,184	12.9%
Advisory fees	48,449	42,794	13.2%
Other	13,892	10,243	35.6%
	<u>253,417</u>	<u>246,175</u>	<u>2.9%</u>
EXPENSES			
Compensation & related expenses	170,415	158,179	7.7%
Clearing & exchange fees	6,313	6,562	-3.8%
Communications & technology	15,939	16,440	-3.0%
Occupancy & equipment costs	18,546	18,460	0.5%
Interest	7,774	5,301	46.7%
Other	24,601	25,373	-3.0%
	<u>243,588</u>	<u>230,315</u>	<u>5.8%</u>
Profit before taxes	9,829	15,860	-38.0%
Income tax provision	4,068	6,496	-37.4%
Net profit for the period	5,761	9,364	-38.5%
Net profit attributable to non-controlling interest, net of tax	(675)	(196)	244.4%
Net profit attributable to Oppenheimer Holdings Inc.	<u>\$5,086</u>	<u>\$9,168</u>	<u>-44.5%</u>
Profit per share attributable to Oppenheimer Holdings Inc.:			
Basic	\$0.38	\$0.69	-44.9%
Diluted	\$0.36	\$0.66	-45.5%
Basic weighted average shares outstanding	13,550,723	13,296,980	
Actual shares outstanding	13,634,743	13,341,232	

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, 2010.

For further information, please contact:

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