



Press Release

NYSE – OPY

Oppenheimer Holdings Inc.

Second Quarter 2010 Earnings and Dividend Announcement

July 30, 2010
New York, NY

<i>Expressed in thousands of dollars, except per share amounts</i>	Three Months ended		Six Months ended	
	June 30, 2010	2009	June 30, 2010	2009
<i>(unaudited)</i>				
Revenue	\$256,996	\$250,724	\$503,171	\$455,989
Expenses	\$240,850	\$237,748	\$471,165	\$445,835
Profit before taxes	\$16,146	\$12,976	\$32,006	\$10,154
Net profit attributable to Oppenheimer Holdings Inc.	\$9,202	\$7,130	\$18,370	\$5,116
Basic earnings (loss) per share	\$0.69	\$0.55	\$1.38	\$0.39
Diluted earnings (loss) per share	\$0.66	\$0.54	\$1.32	\$0.38
Book value per share at June 30	\$35.34	\$33.12	-	-

Business Review

Oppenheimer Holdings Inc. reported a net profit of \$9.2 million or \$0.69 per share for the second quarter of 2010 compared to a net profit of \$7.1 million or \$0.55 per share in the second quarter of 2009. Revenue for the second quarter of 2010 was \$257.0 million, compared to revenue of \$250.7 million in the second quarter of 2009, an increase of 2.5%. Client assets entrusted to the Company and under management totaled approximately \$66.9 billion while client assets under fee-based programs offered by the asset management groups totaled approximately \$14.7 billion at June 30, 2010 (\$55.3 billion and \$13.6 billion, respectively, at June 30, 2009).

Net profit for the six months ended June 30, 2010 was \$18.4 million or \$1.38 per share compared to \$5.1 million or \$0.39 per share in the same period of 2009. Revenue for the six months ended June 30, 2010 was \$503.2 million, an increase of 10.3% compared to \$456.0 million in the same period of 2009.

The U.S. economy grew for the third consecutive quarter, albeit at a slower rate than previous quarters. Labor markets are slowly improving and, while U.S. consumer confidence has declined in recent weeks, spending continues to increase. Credit charge-offs seem to have topped out for this cycle, but the recovery has slowed as a result of concerns over availability of credit, continuing sluggishness in the housing recovery, and concerns surrounding the impact on the credit markets of the European debt crisis. Although European policymakers have announced stress tests for European banks and aid to some

European sovereign credits, markets continue to see significant risks to global recovery. The effects of these concerns have resulted in the lowest interest rates for U.S government debt in a generation and a weak stock market as investors seek safety in an uncertain environment.

Overall, the Company's revenue improved in the second quarter of 2010 compared to the second quarter of 2009, boosted by stronger investment banking revenue, higher asset management advisory fees as well as higher interest income. Commission income and principal transactions revenue declined in the second quarter of 2010 compared to the same period in 2009 as the stock market stalled in early May and declined thereafter due to a decline in consumer confidence and other factors. Net interest revenue for the Company, as well as fees derived from money market funds and FDIC-insured deposits of clients, continue to be significantly and adversely affected by the low interest rate environment.

In commenting on the Company's results, Albert Lowenthal, Chairman remarked, "We are pleased with Oppenheimer's sustained return to profitability and growth. The Company continues to pursue opportunities for prudently expanding its business. Improved investment banking results offset lower returns from trading and investment, while investor transaction activity was significantly affected by concerns over market direction, the impact of financial regulation on markets and liquidity, and a preoccupation with the oil spill along the U.S. Gulf coast. We are not satisfied with our return on capital for our shareholders in the current environment. Continued economic expansion and an eventual move to a higher interest rate environment should permit higher levels of profitability. The Company remains well positioned to attract clients and experienced professionals across its platform in the weeks and months ahead."

Highlights of the Company's results for the three and six months ended June 30, 2010 follow:

Revenue and Expenses

Revenue - Second Quarter 2010

- Commission revenue was \$139.6 million for the second quarter of 2010, a decrease of 2.2% compared to \$142.7 million in the second quarter of 2009. Weak investor sentiment and volatile markets in the 2010 period contributed to the decline.
- Principal transactions revenue was \$16.8 million in the second quarter of 2010 compared to \$30.2 million in the second quarter of 2009, a decrease of 44.4%. The decrease stems from lower income from firm investments (a net loss of \$144,000 for the second quarter of 2010 compared to income of \$6.4 million for the second quarter of 2009), and lower fixed income trading revenue (\$17.3 million in the second quarter of 2010 compared to \$23.5 million in the second quarter of 2009). The net loss from firm investments included realized and unrealized gains of approximately \$2.2 million which arose from the conversion of the Company's Chicago Board Options Exchange membership into 80,000 shares by way of an IPO that closed on June 14, 2010. The Company sold 20,000 shares in June 2010.
- Interest revenue was \$11.2 million in the second quarter of 2010, an increase of 29.2% compared to \$8.7 million in the second quarter of 2009. The increase is primarily attributable to interest earned on reverse repurchase agreements held by the government trading desk which began operations in June 2009.
- Investment banking revenue was \$36.3 million in the second quarter of 2010, an increase of 65.8% compared to \$21.9 million in the second quarter of 2009 with increased revenue from equity issuance of \$5.2 million and fee income related to private placements of \$10.8 million, offset by a decrease of \$4.3 million in advisory services.
- Advisory fees were \$44.0 million in the second quarter of 2010, an increase of 23.9% compared to \$35.5 million in the second quarter of 2009. Asset management fees increased by \$14.1 million in the second quarter of 2010 compared to the same period in 2009 as a result of an increase in the value of assets under management of 47.8% during the period. Asset management fees are calculated based on client assets under management at the end of the prior quarter which totaled \$17.0 billion at March 31, 2010 (\$11.5 billion at March 31, 2009). This increase was offset by a decrease of \$4.2 million in fees from money market funds as a result of waivers of \$5.7 million

on fees that otherwise would have been due from money market funds (\$1.8 million in the second quarter of 2009).

- Other revenue was \$9.1 million in the second quarter of 2010, a decrease of 22.2% compared to \$11.7 million in the second quarter of 2009 primarily as a result of a \$6.2 million decrease in the mark-to-market value of Company-owned life insurance policies that relate to our employee deferred compensation programs. This decline was offset by increased fees generated from Oppenheimer Multifamily Housing & Healthcare Finance, Inc. (“OMHHF”) (formerly called Evanston Financial Corporation) in the amount of \$3.6 million.

Revenue – Year-to-date 2010

- Commission revenue was \$277.8 million for the six months ended June 30, 2010, an increase of 4.2% compared to \$266.5 million in the same period of 2009.
- Principal transactions revenue was \$37.0 million in the six months ended June 30, 2010 compared to \$54.9 million in the same period of 2009, a decrease of 32.7%. The decrease stems from lower income from firm investments (a net loss of \$413,000 for the six months ended June 30, 2010 compared to income of \$5.6 million for the same period of 2009 and lower fixed income trading revenue (\$36.1 million in the six months ended June 30, 2010 compared to \$46.7 million in the same period of 2009). These declines were partially offset by an increase in U.S. government trading income which amounted to \$3.3 million in the six months ended June 30, 2010 compared to \$1.6 million for the same period of 2009.
- Interest revenue was \$20.8 million in the six months ended June 30, 2010, an increase of 28.3% compared to \$16.2 million in the same period of 2009. The increase is primarily attributable to interest earned on reverse repurchase agreements held by the government trading desk which began operations in June 2009.
- Investment banking revenue was \$61.5 million in the six months ended June 30, 2010, an increase of 101.7% compared to \$30.5 million in the same period of 2009 with increased revenue from equity issuance of \$15.0 million and fee income associated with private placements of \$11.2 million.
- Advisory fees were \$86.8 million in the six months ended June 30, 2010, an increase of 21.8% compared to \$71.3 million in the same period of 2009. Asset management fees increased by \$25.6 million in the six months ended June 30, 2010 compared to the same period in 2009 as a result of an increase in the value of assets under management during the period. This increase was offset by a decrease of \$9.7 million in fees from money market funds as a result of waivers of \$11.8 million in the six months ended June 30, 2010 on fees that otherwise would have been due from money market funds (\$2.4 million during the six months ended June 30, 2009).
- Other revenue was \$19.4 million in the six months ended June 30, 2010, an increase of 16.8% compared to \$16.6 million in the same period of 2009 primarily as a result of a \$6.0 million increase in fees generated from OMHHF in the six months ended June 30, 2010 compared to the same period on 2009.

Expenses – Second Quarter 2010

- Compensation and related expenses decreased 2.1% in the second quarter of 2010 to \$164.3 million compared to \$167.9 million in the second quarter of 2009. Decreases in share-based compensation expense and deferred compensation expense of \$3.9 million and \$5.2 million, respectively, were partially offset by increases in salary and related expenses in the second quarter of 2010 compared to the same period in 2009.
- Clearing and exchange fees increased 16.2% to \$7.8 million in the second quarter of 2010 compared to \$6.7 million in the same period of 2009 partly due to trade execution costs related to the government trading business.
- Communications and technology expenses increased 12.2% to \$16.3 million in the second quarter of 2010 from \$14.5 million in the same period of 2009 due primarily to increases of \$435,000 and \$495,000, respectively, in IT-related and telecommunications expenses in the second quarter of 2010 compared to the same quarter of 2009

- Occupancy and equipment costs of \$18.3 million in the second quarter of 2010 were flat compared to \$18.3 million in the second quarter of 2009.
- Interest expenses increased 26.7% to \$6.4 million in the second quarter of 2010 from \$5.0 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 10.0% to \$27.8 million in the second quarter of 2010 from \$25.3 million in the same period in 2009 primarily due to an increase in legal costs of approximately \$2.4 million as a result of increased client litigation and arbitration activity as well as legal costs to resolve regulatory matters.

Expenses – Year-to-date 2010

- Compensation and related expenses increased 4.5% in the six months ended June 30, 2010 to \$322.5 million compared to \$308.6 million in the same period of 2009. Decreases in share-based compensation expense and deferred compensation expense of \$7.2 million and \$2.6 million, respectively, were partially offset by increases in salary and related expenses in the six months ended June 30, 2010 compared to the same period in 2009.
- Clearing and exchange fees increased 15.3% to \$14.4 million in the six months ended June 30, 2010 compared to \$12.5 million in the same period of 2009 partly due to trade execution costs related to the government trading business.
- Communications and technology expenses decreased 4.5% to \$32.7 million in the six months ended June 30, 2010 from \$34.3 million in the same period of 2009 due primarily to lower market data costs in the six months ended June 30, 2010 compared to the same period of 2009.
- Occupancy and equipment costs of \$36.7 million in the six months ended June 30, 2010 were flat compared to \$36.5 million in the same period of 2009.
- Interest expenses increased 10.4% to \$11.7 million in the six months ended June 30, 2010 from \$10.6 million in the same period in 2009 primarily due to interest expense incurred on positions and repurchase agreements held by the government trading desk which began operations in June 2009.
- Other expenses increased 22.4% to \$53.1 million in the six months ended June 30, 2010 from \$43.4 million in the same period in 2009 primarily due to an increase in legal costs of approximately \$6.9 million as a result of increased client litigation and arbitration activity as well as legal costs to resolve regulatory matters.

Stockholders' Equity and Dividend Declaration

- At June 30, 2010, total equity was \$473.5 million compared to \$451.4 million at December 31, 2009.
- At June 30, 2010, book value per share was \$35.34 (compared to \$33.12 at June 30, 2009) and tangible book value per share was \$22.18 (compared to \$19.31 at June 30, 2009).
- The Company announced today a quarterly cash dividend in the amount of \$0.11 per share, payable on August 27, 2010 to holders of Class A non-voting and Class B voting common stock of record on August 13, 2010.

OPPENHEIMER HOLDINGS INC.
SUMMARY STATEMENT OF OPERATIONS (UNAUDITED)

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

	Three Months Ended			Six Months Ended		
	06/30/10	06/30/09	% Δ	06/30/10	06/30/09	% Δ
REVENUE						
Commissions	\$139,582	\$142,713	-2%	\$277,779	\$266,509	4%
Principal transactions, net	16,778	30,201	-44%	36,957	54,942	-33%
Interest	11,198	8,668	29%	20,776	16,190	28%
Investment banking	36,336	21,909	66%	61,520	30,501	102%
Advisory fees	43,984	35,511	24%	86,778	71,275	22%
Other	9,118	11,722	-22%	19,361	16,572	17%
	<u>256,996</u>	<u>250,724</u>	<u>2%</u>	<u>503,171</u>	<u>455,989</u>	<u>10%</u>
EXPENSES						
Compensation & related expenses	164,304	167,902	-2%	322,483	308,564	5%
Clearing & exchange fees	7,823	6,735	16%	14,385	12,473	15%
Communications & technology	16,300	14,530	12%	32,740	34,281	-5%
Occupancy & equipment costs	18,262	18,283	0%	36,722	36,516	1%
Interest	6,389	5,043	27%	11,690	10,586	10%
Other	27,772	25,255	10%	53,145	43,415	22%
	<u>240,850</u>	<u>237,748</u>	<u>1%</u>	<u>471,165</u>	<u>445,835</u>	<u>6%</u>
Profit before income taxes	16,146	12,976	24%	32,006	10,154	215%
Income tax provision	<u>6,284</u>	<u>5,846</u>	<u>8%</u>	<u>12,780</u>	<u>5,038</u>	<u>154%</u>
Net profit for the period	9,862	7,130	38%	19,226	5,116	276%
Less net profit attributable to non-controlling interest, net of tax	<u>660</u>	<u>-</u>	<u>n/a</u>	<u>856</u>	<u>-</u>	<u>n/a</u>
Net profit attributable to Oppenheimer Holdings Inc.	<u>\$9,202</u>	<u>\$7,130</u>	<u>29%</u>	<u>\$18,370</u>	<u>\$5,116</u>	<u>259%</u>
Profit per share attributable to Oppenheimer Holdings Inc.						
Basic	\$0.69	\$0.55	n/a	\$1.38	\$0.39	
Diluted	\$0.66	\$0.54	n/a	\$1.32	\$0.38	
Weighted avg. shares outstanding	13,349,551	13,069,014		13,323,410	13,070,547	
Actual shares outstanding	13,352,702	13,172,669				

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 3,600 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.

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