



Press Release

NYSE – OPY

Oppenheimer Holdings Inc.

Third Quarter 2010 Earnings and Dividend Announcement

October 29, 2010
New York, NY

<i>Expressed in thousands of dollars, except per share amounts</i>	Three Months ended		Nine Months ended	
	September 30, 2010	2009	September 30, 2010	2009
<i>(unaudited)</i>				
Revenue	\$235,141	\$262,067	\$738,312	\$718,056
Expenses	\$227,655	\$248,017	\$698,820	\$693,852
Profit before income taxes	\$7,486	\$14,050	\$39,492	\$24,204
Net profit attributable to Oppenheimer Holdings Inc.	\$3,421	\$7,908	\$21,791	\$13,024
Basic earnings per share	\$0.26	\$0.60	\$1.63	\$1.00
Diluted earnings per share	\$0.25	\$0.59	\$1.57	\$0.97
Book value per share at September 30	\$35.70	\$33.68	-	-

Business Review

Oppenheimer Holdings Inc. reported a net profit of \$3.4 million or \$0.26 per share for the third quarter of 2010 compared to a net profit of \$7.9 million or \$0.60 per share in the third quarter of 2009, a decrease of 56.7% in net profit. Revenue for the third quarter of 2010 was \$235.1 million, compared to revenue of \$262.1 million in the third quarter of 2009, a decrease of 10.3%. Client assets entrusted to the Company and under management totaled approximately \$71.5 billion while client assets under fee-based programs offered by the asset management groups totaled approximately \$17.9 billion at September 30, 2010 (\$64.0 billion and \$15.4 billion, respectively, at September 30, 2009).

Net profit for the nine months ended September 30, 2010 was \$21.8 million or \$1.63 per share compared to \$13.0 million or \$1.00 per share in the same period of 2009, an increase of 67.3% in net profit. Revenue for the nine months ended September 30, 2010 was \$738.3 million, an increase of 2.8% compared to \$718.1 million in the same period of 2009.

The rate of growth in the U.S economy, while remaining positive, has slowed, reducing investor confidence. Business investment and consumer spending, key drivers to continued improvement, are being impacted by continued housing weakness, slow employment growth and uncertainty over future tax rates, health care costs and a weakening U.S. dollar.

Uncertainties driven by global economic issues, including the European sovereign debt crisis, a weakening equities market over the summer months, and questions about the results of the upcoming U.S. elections, drove investors to push interest rates on government debt to new lows and had investors seeking higher returns in emerging market debt as well as the debt of lower-rated corporate issuers. However, the quarter ended with the strongest September in decades as stocks recovered, buoyed by expectations of further Federal Reserve intervention and turnover in the composition of the new Congress.

Overall, the Company's revenue declined in the third quarter of 2010 compared to the third quarter of 2009 as well as compared to each prior quarter of 2010. Commission income, revenue from principal transactions and investment banking revenue declined in the third quarter of 2010 compared to the same period in 2009 reflecting reduced activity in the first two months of the quarter. Advisory fees increased in the third quarter of 2010 compared to the same period in 2009 based on increased asset values and a larger base of clients in fee-based programs. 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, "While we are disappointed with the financial results of the third quarter, we are encouraged by the continued growth in our business opportunities through continued investment in new branch offices, in expanding our footprint internationally and the addition of qualified professionals throughout our business lines. Higher equity markets in September and record holdings of client assets and assets in fee-based and recurring revenue programs reflect the potential for future growth in revenues and earnings.

The low interest rate environment continues to penalize savers and benefit borrowers, as well as significantly impacting the returns that Oppenheimer derives from short-term lending and from its programs for client investment in short-term investments. During the quarter, the Company completed its first program to buy client held auction rate securities ("ARS") with purchases totaling \$25.6 million. The Company remains dedicated to assisting its clients who remain invested in these securities."

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

Revenue and Expenses

Revenue - Third Quarter 2010

- Commission revenue was \$120.9 million in the third quarter of 2010, a decrease of 17.4% compared to \$146.4 million in the third quarter of 2009. Low market volumes during the summer months contributed to the decline.
- Principal transactions revenue was \$22.6 million in the third quarter of 2010 compared to \$29.8 million in the third quarter of 2009, a decrease of 24.0%. The decrease was primarily attributable to lower loan trading revenue (\$456,000 in the third quarter of 2010 compared to \$4.8 million in the third quarter of 2009) and tighter spreads in the bond markets compared to the same period in the prior year.
- Interest revenue was \$11.2 million in the third quarter of 2010, an increase of 22.7% compared to \$9.1 million in the third quarter of 2009. Interest earned on reverse repurchase agreements held by the government trading desk which began operations in June 2009 was \$1.9 million higher in the third 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 \$21.8 million in the third quarter of 2010, a decrease of 13.2% compared to \$25.1 million in the third quarter of 2009 primarily due to a reduction in syndicate fees on equity issuances of approximately \$5.6 million in the third quarter of 2010 compared to the same period in 2009. Market conditions in the third quarter of 2010 significantly reduced corporate issuances during the period.

- Advisory fees were \$43.4 million in the third quarter of 2010, an increase of 12.1% compared to \$38.7 million in the third quarter of 2009. Asset management fees increased by \$7.3 million in the third 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 third 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 \$14.7 billion at June 30, 2010 (\$13.6 billion at June 30, 2009). This increase was offset by a decrease of \$950,000 in fees from money market funds as a result of waivers of \$5.4 million on fees that otherwise would have been due from money market funds (\$4.8 million in the third quarter of 2009).
- Other revenue was \$15.2 million in the third quarter of 2010, an increase of 17.1% compared to \$13.0 million in the third quarter of 2009 primarily as a result of a \$3.7 million increase in fees generated from Oppenheimer Multifamily Housing & Healthcare Finance, Inc. (“OMHHF”) (formerly called Evanston Financial Corporation) in the third quarter of 2010 compared to the same period in 2009.

Revenue – Year-to-date 2010

- Commission revenue was \$398.7 million in the nine months ended September 30, 2010, a decrease of 3.4% compared to \$412.9 million in the same period of 2009.
- Principal transactions revenue was \$59.6 million in the nine months ended September 30, 2010 compared to \$84.7 million in the same period of 2009, a decrease of 29.6%. The decrease stems from lower income from firm investments (income of \$70,000 for the nine months ended September 30, 2010 compared to income of \$8.2 million for the same period of 2009) and lower loan trading revenue (\$5.1 million in the nine months ended September 30, 2010 compared to \$14.0 million in the same period of 2009). These declines were partially offset by an increase in U.S. government trading income of \$2.8 million in the nine months ended September 30, 2010 compared to the same period of 2009 due the government trading desk beginning operations in June 2009.
- Interest revenue was \$32.0 million in the nine months ended September 30, 2010, an increase of 26.3% compared to \$25.3 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 \$83.3 million in the nine months ended September 30, 2010, an increase of 49.8% compared to \$55.6 million in the same period of 2009 with increased revenue from equity issuances of \$8.4 million and fee income associated with private placements of \$10.9 million.
- Advisory fees were \$130.1 million in the nine months ended September 30, 2010, an increase of 18.4% compared to \$109.9 million in the same period of 2009. Asset management fees increased by \$32.8 million in the nine months ended September 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 \$10.7 million in fees from money market funds as a result of waivers of \$17.2 million in the nine months ended September 30, 2010 on fees that otherwise would have been due from money market funds (\$7.2 million during the nine months ended September 30, 2009).
- Other revenue was \$34.6 million in the nine months ended September 30, 2010, an increase of 16.9% compared to \$29.5 million in the same period of 2009 primarily as a result of a \$9.7 million increase in fees generated from OMHHF in the nine months ended September 30, 2010 compared to the same period in 2009 which was partially offset by a decline of \$3.0 million in the cash surrender value of company-owned life insurance.

Expenses – Third Quarter 2010

- Compensation and related expenses decreased 9.1% in the third quarter of 2010 to \$159.5 million compared to \$175.5 million in the third quarter of 2009 primarily due to lower commission revenue resulting in a corresponding decrease in brokers’ commission-based compensation.

- Clearing and exchange fees decreased 21.4% to \$5.5 million in the third quarter of 2010 compared to \$7.0 million in the same period of 2009 partly due to lower transaction volumes in the third quarter of 2010 compared to the same period in 2009.
- Communications and technology expenses increased 13.1% to \$15.8 million in the third quarter of 2010 from \$14.0 million in the same period of 2009 due primarily to an increase of \$1.5 million in IT-related expenses in the third quarter of 2010 compared to the same quarter of 2009.
- Occupancy and equipment costs decreased 4.3% to \$18.2 million in the third quarter of 2010 compared to \$19.0 million in the third quarter of 2009 primarily due to a reduction of \$842,000 in rent expense in the third quarter of 2010 compared to the same period in 2009.
- Interest expenses increased 34.5% to \$6.5 million in the third quarter of 2010 from \$4.8 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. This expense is largely offset by an increase in interest revenue from the Company's matched book repo business.
- Other expenses decreased 19.9% to \$22.1 million in the third quarter of 2010 from \$27.6 million in the same period in 2009 primarily due to a decrease in legal reserves and legal costs of approximately \$4.4 million related primarily to the resolution of a large client-related litigation during the three month period ended September 30, 2010.

Expenses – Year-to-date 2010

- Compensation and related expenses decreased 0.4% in the nine months ended September 30, 2010 to \$482.0 million from \$484.1 million in the same period of 2009 primarily due to lower commission revenue resulting in a corresponding decrease in brokers' commission-based compensation.
- Clearing and exchange fees increased 2.1% to \$19.9 million in the nine months ended September 30, 2010 compared to \$19.5 million in the same period of 2009 primarily due to trade execution costs related to the government trading business which commenced in June 2009.
- Communications and technology expenses were relatively flat at \$48.6 million in the nine months ended September 30, 2010 compared to \$48.3 million in the same period of 2009.
- Occupancy and equipment costs of \$54.9 million in the nine months ended September 30, 2010 decreased by 1.1% compared to \$55.5 million in the same period of 2009 due to a reduction in rent expense in the nine months ended September 30, 2010 compared to the same period in 2009.
- Interest expenses increased 18.0% to \$18.2 million in the nine months ended September 30, 2010 from \$15.4 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. This expense is largely offset by an increase in interest revenue from the Company's matched book repo business.
- Other expenses increased 5.9% to \$75.3 million in the nine months ended September 30, 2010 from \$71.1 million in the same period in 2009 primarily due to an increase in legal costs of approximately \$2.5 million as a result of increased client litigation and arbitration activity and external portfolio manager fees of \$2.2 million offset by the impact of a charge of \$2.0 million in the 2009 period 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 September 30, 2010, total equity was \$479.1 million compared to \$451.4 million at December 31, 2009.
- At September 30, 2010, book value per share was \$35.70 (compared to \$33.68 at September 30, 2009) and tangible book value per share was \$22.64 (compared to \$20.16 at September 30, 2009).
- The Company announced today a quarterly cash dividend in the amount of \$0.11 per share, payable on November 26, 2010 to holders of Class A non-voting and Class B voting common stock of record on November 12, 2010.

OPPENHEIMER HOLDINGS INC.
SUMMARY STATEMENT OF OPERATIONS (UNAUDITED)

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

	Three Months Ended			Nine Months Ended		
	09/30/10	09/30/09	% Δ	09/30/10	09/30/09	% Δ
REVENUE						
Commissions	\$120,940	\$146,404	-17.4%	\$398,719	\$412,913	-3.4%
Principal transactions, net	22,645	29,778	-24.0%	59,602	84,720	-29.6%
Interest	11,220	9,145	+22.7%	31,996	25,335	+26.3%
Investment banking	21,791	25,096	-13.2%	83,311	55,597	+49.8%
Advisory fees	43,356	38,668	+12.1%	130,134	109,943	+18.4%
Other	15,189	12,976	+17.1%	34,550	29,548	+16.9%
	<u>235,141</u>	<u>262,067</u>	-10.3%	<u>738,312</u>	<u>718,056</u>	+2.8%
EXPENSES						
Compensation & related expenses	159,485	175,504	-9.1%	481,968	484,068	-0.4%
Clearing & exchange fees	5,525	7,031	-21.4%	19,910	19,504	+2.1%
Communications & technology	15,838	14,008	+13.1%	48,578	48,289	+0.6%
Occupancy & equipment costs	18,162	18,987	-4.3%	54,884	55,503	-1.1%
Interest	6,518	4,846	+34.5%	18,208	15,432	+18.0%
Other	22,127	27,641	-19.9%	75,272	71,056	+5.9%
	<u>227,655</u>	<u>248,017</u>	-8.2%	<u>698,820</u>	<u>693,852</u>	+0.7%
Profit before income taxes	7,486	14,050	-46.7%	39,492	24,204	+63.2%
Income tax provision	<u>3,469</u>	<u>6,142</u>	-43.5%	<u>16,249</u>	<u>11,180</u>	+45.3%
Net profit for the period	4,017	7,908	-49.2%	23,243	13,024	+78.5%
Net profit attributable to non-controlling interest, net of tax	<u>(596)</u>	<u>-</u>	N/A	<u>(1,452)</u>	<u>-</u>	N/A
Net profit attributable to Oppenheimer Holdings Inc.	<u>\$3,421</u>	<u>\$7,908</u>	-56.7%	<u>\$21,791</u>	<u>\$13,024</u>	+67.3%
Profit per share attributable to Oppenheimer Holdings Inc.						
Basic	\$0.26	\$0.60		\$1.63	\$1.00	
Diluted	\$0.25	\$0.59		\$1.57	\$0.97	
Weighted avg. shares outstanding	13,355,468	13,110,471		13,334,214	13,082,375	
Actual shares outstanding	13,359,202	13,155,983		13,359,202	13,155,983	

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:

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