

# **OPPENHEIMER HOLDINGS INC.**

## **COMPENSATION COMMITTEE CHARTER**

### **INTRODUCTION**

This charter (the “Charter”) has been adopted to govern the activities of the Compensation Committee (the “Committee”) of the Board of Directors of Oppenheimer Holdings Inc. (the “Company”). This Charter is subject to the Corporate Governance Guidelines adopted by the Company

### **OBJECTIVES AND POLICIES**

The Committee’s objective shall be to provide a competitive compensation program with strong and direct links between corporate objectives and financial performance, individual performance and compensation, mindful of the Company’s corporate risk management objectives. The Committee’s compensation policies with respect to the Company’s senior executive officers including the CEO shall have the following objectives: recruit, motivate, reward and retain the high performing executive talent required to create superior long-term stockholder returns; reward executives for short-term performance as well as growth in enterprise value over the long-term; provide a competitive compensation package relative to peers and competitors; and ensure effective utilization and development of talent by employing appropriate management processes, such as performance appraisal and management development.

The Committee believes that the best interests of the Company’s stockholders are served by structuring compensation in a way that meets the requirements of the highly competitive environment in which the Company operates, while ensuring that senior executive officers are compensated in a manner that advances both the short-term and long-term interests of the stockholders. The Company’s compensation program for senior executive officers shall consist of the following key elements: a base salary, an annual bonus, grants of share-based compensation (including stock options and/or stock awards) and, in the case of the CEO, performance based compensation pursuant to a Performance-Based Compensation Agreement between the Company and the CEO. In arriving at its recommendations concerning the specific components of the Company’s compensation program, the Committee may consider certain public information about the compensation payments and policies of relevant U.S. financial services enterprises and the relative performance of the Company as compared to those entities.

## **COMPOSITION AND MEETINGS**

The Committee shall consist of at least three members, each of whom is independent as that term is defined under the New York Stock Exchange rules on corporate governance, as amended from time to time (the “NYSE Rules”), and the Company’s Governance Guidelines.

The members of the Committee shall be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee. Candidates with experience in matters relating to executive compensation will be looked upon favorably. The members of the Committee may be removed by a majority of the Board.

The Committee shall meet twice per year, or more, as necessary. The Committee shall have authority to delegate select responsibilities to one or more subcommittees of the Committee who shall report their activities regularly to the full Committee.

The Board shall select a chair who will preside at each meeting of the Committee and, in consultation with other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting.

The Committee shall report to the Board after each Committee meeting.

## **PURPOSE**

The purpose of the Committee is to discharge the Board’s responsibilities relating to compensation of the Company’s senior executive officers, including its Chief Executive Officer (“CEO”), and to produce a Compensation Committee report on executive compensation for inclusion in the Company’s annual filings with the Securities and Exchange Commission (“SEC”), in accordance with applicable rules and regulations.

## **ACTIVITIES AND RESPONSIBILITIES**

The Committee shall make recommendations to the Board of Directors with respect to the Company’s compensation policies and with respect to the salary, bonus and benefits paid and provided to senior management; authorize grants of stock options and stock awards including stock appreciation rights to senior management based on criteria linked to the performance of the individual and/or the Company and recommend modifications to the Company’s incentive compensation plans; administer the Performance-Based Compensation Agreement between the Company and the CEO; monitor compliance with the criteria of the Company’s performance-based awards or grants; and review and approve the Company’s Compensation Discussion and Analysis. The Committee shall also monitor changes in rules and regulations relating to executive compensation and make recommendations to the Board of Directors with respect thereto.

### **Determination of Chief Executive Officer Compensation**

The Committee shall review and approve annually the corporate goals and objectives relevant to CEO compensation, evaluate the CEO’s performance in light of those goals and objectives, and determine and approve the CEO’s compensation level based on this evaluation, including setting

a base salary level, determining bonus eligibility, granting stock options and restricted stock and annually recommending changes to as well as setting the parameters of the Performance-Based Compensation Agreement between the Company and the CEO.

The Committee shall establish the performance goals under the CEO's Performance-Based Compensation Agreement before March 31 each year with respect to its then-current fiscal year. The Committee, at its discretion, may base the annual CEO performance goals upon one or more of a wide range of performance, financial and/or strategic measures and factors which are further detailed in *Exhibit A* to the CEO's Performance-Based Compensation Agreement. The Committee may also consider the Company's absolute performance, relative stockholder returns, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the CEO in past years, and any other factors the Committee deems relevant, when determining the long-term incentive compensation for the CEO.

### **Determination of Senior Executive Officer Compensation**

The Committee shall make recommendations to the Board with respect to the compensation for senior executive officers of the Company, including annual compensation.

*Base Salary:* Salaries paid to senior executive officers (other than the CEO) shall be reviewed annually by the Committee considering recommendations made by the CEO to the Committee, based upon the CEO's assessment of the nature of the position, and the skills, experience and performance of each senior executive officer, as well as salaries paid by comparable companies in the Company's industry. The Committee shall then make recommendations to the Board with respect to such salaries.

*Annual Bonus:* Bonuses paid to senior executive officers (other than the CEO) shall be reviewed annually by the Committee considering recommendations made by the CEO to the Committee, based upon the CEO's assessment of the performance of the Company and his assessment of the contribution of each senior executive officer to that performance. The Committee shall then make recommendations to the Board with respect to such bonuses. Senior executive officers (including the CEO) may be offered the right to elect to defer a portion of their annual bonus and performance-based compensation under the Company's Executive Deferred Compensation Plan, a non-qualified unfunded plan.

### **Incentive Compensation Plans and Equity-Based Plans**

The Committee shall determine and approve the equity-based compensation for senior executive officers of the Company (including the CEO) and other employees.

*Stock Option Grants and Stock Awards:* The Committee shall administer the Company's 2006 Equity Incentive Plan and the Employee Share Plan, including authorizing grants of stock options or restricted stock awards under such Plans and recommending modifications of such Plans to the Board.

*Deferred Compensation Plans:* The Committee shall administer the Company's Executive Deferred Compensation Plan, or EDCP, and the Deferred Incentive Plan, or DIP, including

authorizing bonuses which require a mandatory deferral subject to vesting provisions under the EDCP and the DIP and recommending modifications of the EDCP and DIP.

*Stock Appreciation Rights:* The Committee shall administer the Company's Stock Appreciation Rights Plan (the "SAR Plan"), including authorizing grants under the SAR Plan and recommending modifications of the SAR Plan to the Board. SARS may be awarded based on a formula reflecting gross production, length of service and client assets or such other criteria as the Committee may determine.

*Other:* The Committee is not precluded from approving awards for the CEO or the senior executive officers of the Company (with or without ratification of the Board) as may be required to comply with applicable tax laws including Rule 162(m).

### **Compensation of Directors**

The Committee will make recommendations to the Board regarding the compensation of all directors on an annual basis.

### **Annual Disclosure**

The Committee shall produce annually a compensation committee report on executive compensation as required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual Proxy Statement or Annual Report on Form 10-K to be filed with the SEC. This report shall disclose the names of the Committee members, the policies with respect to senior executive officer compensation including CEO compensation and such other information required by SEC rules and regulations as they may be amended from time to time.

### **Annual Evaluations and Reports**

The Committee shall conduct an annual performance evaluation of itself.

The Committee shall review and reassess this Charter for adequacy annually and make changes as necessary.

The Committee will report to the Board of Directors with respect to its annual performance evaluation and with respect to any changes to this Charter on or before the meeting which immediately precedes the Company's filing of its annual Proxy Statement and Annual Report on Form 10-K with the SEC.

### **OTHER ACTIVITIES**

The Committee shall perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

### **AUTHORITY OF THE COMMITTEE**

The Committee shall have sole authority to retain, oversee, compensate and terminate independent compensation consultants, legal counsel and other advisors including such firms the

Committee determines to be necessary to assist it in fulfilling its duties and responsibilities. The Company will pay the fees and expenses for any such consultants, counsel and advisors engaged by the Committee.

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