Oppenheimer Holdings Inc.

First Quarter
March 31, 2004

Oppenheimer Holdings Inc.

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All amounts herein are expressed in U.S. dollars.

To the Shareholders:

Oppenheimer Holdings Inc. reported net profit of $10,989,000 or $0.83 per share for the first quarter of 2004, an increase of 47% in net profit when compared to $7,487,000 or $0.59 per share in the first quarter of 2003. Revenue for the first quarter of 2004 was $185,769,000, an increase of 15% compared to revenue of $160,851,000 in the first quarter of 2003. Expenses increased by 13% in the quarter ended March 31, 2004 compared to the first quarter of 2003, primarily reflecting increased variable compensation expense driven by higher revenues as well as higher expenses associated with last year's acquisition of the CIBC Private Client & Asset Management businesses.

At March 31, 2004, shareholders' equity was approximately $304 million and book value per share was $22.53 compared to shareholders' equity of $260 million and book value per share of $20.31 at March 31, 2003. Assets under fee-based management agreements reached $9.86 billion at March 31, 2004, compared to $847 million at March 31, 2003, while total client assets under administration increased to $46.7 billion at March 31, 2004 compared to $17 billion at March 31, 2003. The Company's financial results are presented using accounting principles generally accepted in the U.S.A.

The Company's strong results in 2004 reflect higher levels of client activity, particularly in comparison with the pre-war period of the same time last year. Income for client services rebounded on the strength of higher transaction volumes and increased values in assets under fee-based management. The strengthening U.S. economy and continued low interest rates provided a backdrop for strength in NASDAQ securities that resulted in substantial gains in the speculative portion of the market while the more senior averages were substantially unchanged for the period. These conditions generated higher commission income as well as higher advisory fee income.

''We are very pleased with this quarter's results,'' said chairman and chief executive officer, Albert Lowenthal. ''The improved economic environment has permitted the Company to realize the benefits of its substantial expansion over the past few years. The comparison with the prior year is masked somewhat by the substantial non-operating income realized in the first quarter of last year. The Company continues to invest in talent and technology and sees considerable opportunity to continue to build out its business.''

It is important to note when comparing the 2004 and 2003 results, that the 2003 first quarter results were substantially impacted by non-operating items resulting from a favorable arbitration award in the amount of $21,750,000, litigation costs from cases involving firms acquired in 2001 of approximately $5 million, and write-downs of approximately $1.2 million (netting to approximately $15.5 million). In addition, during the first quarter of 2003, the Company's results were impacted by higher expenses resulting from an Agreement with CIBC to

provide clearing and other services to the U.S. private client business, which was acquired from them in January 2003. The business was transferred to the Company's platform and facilities at the end of May 2003. As a result, substantial savings were realized in the 2004 period compared to 2003.

The weighted average number of Class A non-voting and Class B shares outstanding at March 31, 2004 was 13,232,182 compared to 12,717,054 outstanding at March 31, 2003, an increase of 4% due to the exercise of employee stock options and the Company's 401(K) Plan's purchase of shares.

On April 26, 2004, the Company announced a quarterly dividend in the amount of U.S. $0.09 per share, payable on May 21, 2004 to holders of Class A non-voting and Class B shares of record on May 7, 2004.

The Company, through its principal subsidiaries, Oppenheimer & Co. Inc. and Oppenheimer Asset Management Inc., is a U.S. financial services company offering a full range of services from 100 offices in 22 states and 2 foreign jurisdictions. In addition, through its subsidiary, Freedom Investments, Inc. and the BUYandHOLD division of Freedom, the Company offers online discount brokerage and dollar-based investing services.

This letter 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

On behalf of the Board,

E.K. Roberts,
President

Toronto, Canada
May 6, 2004

Oppenheimer Holdings Inc.

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2004	December 31, 2003
	Expressed in thousands of U.S. dollars	
ASSETS		
Current assets		
Cash and cash equivalents	$ 38,792	$ 34,478
Restricted deposits	14,024	14,466
Deposits with clearing organizations	22,837	17,858
Receivable from brokers and clearing organizations	332,509	278,521
Receivable from customers	900,379	906,487
Securities owned including amounts pledged of $1,601 ($1,427 in 2003), at market value	97,732	95,223
Notes receivable	89,177	97,919
Other	50,536	63,610
	1,545,986	1,508,562
Other assets		
Stock exchange seats (approximate market value $5,047; $4,968 in 2003)	2,994	2,994
Property, plant and equipment, net of accumulated depreciation of $34,363; $32,150 in 2003	23,548	23,807
Intangible assets, net of amortization	35,681	35,865
Goodwill	137,889	137,889
	200,112	200,555
	$1,746,098	$ 1,709,117
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Drafts payable	$ 54,661	$ 68,148
Bank call loans	79,900	91,500
Payable to brokers and clearing organizations	548,853	467,966
Payable to customers	382,421	406,137
Securities sold, but not yet purchased, at market value	13,500	10,687
Accrued compensation	62,495	88,999
Accounts payable and other liabilities	44,037	33,857
Income taxes payable	4,058	67
Current portion of bank loans	10,119	10,119
Current portion of long term debt	15,921	15,921
	1,215,965	1,193,401
Long term liabilities		
Bank loans payable	24,567	29,536
Long term debt	30,759	34,954
Exchangeable debentures	160,822	160,822
Deferred tax liability	10,385	9,473
	226,533	234,785
Shareholders' equity		
Share capital		
13,372,986 Class A non-voting shares (2003 — 12,819,520 shares)	51,724	41,520
99,680 Class B voting shares	133	133
	51,857	41,653
Contributed capital	8,641	5,966
Retained earnings	243,102	233,312
	303,600	280,931
	$1,746,098	$ 1,709,117

The accompanying notes are an integral part of these condensed consolidated financial statements.

Oppenheimer Holdings Inc.

Condensed Consolidated Statements of Operations (unaudited)

	For the Three Months Ended March 31, 2004	2003
	(Expressed in thousands of U.S. dollars, except per share amounts)	
REVENUE:		
Commissions	$ 92,230	$ 68,324
Principal transactions, net	36,712	26,098
Interest	10,552	10,619
Underwriting fees	14,743	14,861
Advisory fees	25,178	15,189
Arbitration award	2,700	21,750
Other	3,654	4,010
	185,769	160,851
EXPENSES:		
Compensation and related expenses	119,361	97,496
Clearing and exchange fees	3,948	6,982
Communications	13,585	11,772
Occupancy and equipment costs	13,855	12,719
Interest	3,986	3,161
Other	12,530	15,824
	167,265	147,954
Profit before income taxes	18,504	12,897
Income tax provision	7,515	5,410
NET PROFIT FOR THE PERIOD	$ 10,989	$ 7,487
Earnings per share: (note 3)		
Basic	$ 0.83	$ 0.59
Diluted	$ 0.58	$ 0.49
Dividends declared per share	$ 0.09	$ 0.09

The accompanying notes are an integral part of these condensed consolidated financial statements.

Oppenheimer Holdings Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)

	For the Three Months Ended March 31, 2004	2003
	(Expressed in thousands of U.S. dollars)	
Cash flows from operating activities:		
Net profit for the period	$ 10,989	$ 7,487
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
Non-cash items included in net profit:		
Depreciation and amortization	2,397	2,266
Deferred tax liability	912	1,353
Tax benefit from employee stock options exercised	2,675	660
Decrease (increase) in operating assets, net of the effect of acquisitions:		
Restricted deposits	442	(1,305)
Deposits with clearing organizations	(4,979)	(1,491)
Receivable from brokers and clearing organizations	(53,988)	192,971
Receivable from customers	6,108	(1,763)
Securities owned	(2,509)	(2,682)
Notes receivable	8,742	(16,644)
Other assets	13,074	(9,031)
Increase (decrease) in operating liabilities, net of the effect of acquisitions:		
Drafts payable	(13,487)	4,163
Payable to brokers and clearing organizations	80,887	(238,699)
Payable to customers	(23,716)	(6,166)
Securities sold, but not yet purchased	2,813	2,596
Accrued compensation	(26,504)	27,780
Accounts payable and other liabilities	10,180	6,153
Income taxes payable	3,991	1,201
Cash provided by (used in) operating activities	18,027	(31,151)
Cash flows from investing and other activities:		
Purchase of the Oppenheimer & Co. division	—	(12,659)
Purchase of fixed assets	(1,954)	(478)
Cash used in investing and other activities	(1,954)	(13,137)

(Continued to next page)

Oppenheimer Holdings Inc.

Condensed Consolidated Statements of Cash Flows — (unaudited) (Continued)

	For the Three Months Ended March 31, 2004	2003
	(Expressed in thousands of U.S. dollars)	
Cash flows from financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(1,199)	(1,149)
Issuance of Class A non-voting shares	10,204	5,578
Repurchase of Class A non-voting shares for cancellation	—	(453)
Zero coupon promissory note repayments	(4,195)	(2,322)
Proceeds from issuance of bank loans	—	25,000
Bank loan repayments	(4,969)	(833)
(Decrease) increase in bank call loans	(11,600)	22,700
Cash (used in) provided by financing activities	(11,759)	48,521
Net increase in cash and cash equivalents	4,314	4,233
Cash and cash equivalents, beginning of period	34,478	16,115
Cash and cash equivalents, end of period	$ 38,792	$ 20,348

The accompanying notes are an integral part of these condensed consolidated financial statements.

Oppenheimer Holdings Inc.

Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)

	For the Three Months ended March 31, 2004	2003
	(Expressed in thousands of U.S. dollars)	
Share capital		
Balance at beginning of period	$ 41,653	$ 34,471
Issue of Class A non-voting shares	10,204	5,578
Repurchase of Class A non-voting shares for cancellation	—	(453)
Balance at end of period	$ 51,857	$ 39,596
Contributed capital		
Balance at beginning of period	$ 5,966	$ 5,028
Tax benefit from employee stock options exercised	2,675	660
Balance at end of period	$ 8,641	$ 5,688
Retained earnings		
Balance at beginning of period	$233,312	$208,137
Net profit for the period	10,989	7,487
Dividends	(1,199)	(1,149)
Balance at end of period	$243,102	$214,475
Shareholders' equity	$303,600	$259,759

The accompanying notes are an integral part of these condensed consolidated financial statements.

Oppenheimer Holdings Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Summary of significant accounting policies

The condensed consolidated financial statements include the accounts of Oppenheimer Holdings Inc. (formerly Fahnestock Viner Holdings Inc.) (''OPY'') and its subsidiaries (together, the ''Company''). The principal subsidiaries of OPY are Oppenheimer & Co. Inc. (formerly Fahnestock & Co. Inc.) (''Oppenheimer''), a registered broker-dealer in securities and Oppenheimer Asset Management Inc. (''OAM''), a registered investment advisor under the Investment Advisors Act of 1940. Oppenheimer operates as Fahnestock & Co. Inc. in South America. Oppenheimer owns Freedom Investments, Inc. (''Freedom''), a registered broker dealer in securities, which operates its BUYandHOLD division, offering online discount brokerage and dollar-based investing services. The Company engages in a broad range of activities in the securities industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), research, market-making, and investment advisory and asset management services.

The Company's condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as permitted by applicable Canadian securities regulations. These accounting principles are set out in the notes to the Company's consolidated financial statements for the year ended December 31, 2003 included in its Annual Report on Form 10-K for the year ended December 31, 2003. Disclosures reflected in these condensed consolidated financial statements comply in all material respects with those required pursuant to the rules and regulations of the United States Securities and Exchange Commission (''SEC'') with respect to quarterly financial reporting. A discussion of the differences between Canadian and U.S. GAAP appears in note 4, below.

The financial statements include all adjustments, which in the opinion of management are normal and recurring and necessary for a fair statement of the results of operations, financial position and cash flows for the interim periods presented. The nature of the Company's business is such that the results of operations for the interim periods are not necessarily indicative of the results to be expected for a full year.

Certain prior period amounts have been reclassified to conform to the current year presentation.

These condensed consolidated financial statements are presented in U.S. dollars.

2. Recent Accounting Pronouncements

The Financial Accounting Standards Board issued SFAS No. 146, ''Accounting for Costs Associated with Exit or Disposal Activities'', FIN No. 45, ''Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others'', FIN No. 46, ''Consolidation of Variable Interest Entities'', SFAS No. 149, ''Amendment of Statement 133 on Derivative Instruments and Hedging Activities'', and SFAS No. 150, ''Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity''. The Company has adopted these statements and interpretations and their adoption did not have a material impact on its financial results.

The Company has reviewed SFAS No. 148, ''Accounting for Stock-Based Compensation — Transition and Disclosure'' and has adopted the disclosure provisions, but does not intend to adopt the other provisions of this standard at this time.

3. Earnings per share

Earnings per share was computed by dividing net profit by the weighted average number of Class A non-voting shares (''Class A Shares'') and Class B voting shares (''Class B Shares'') outstanding. Diluted earnings per share includes the weighted average Class A and Class B Shares outstanding and the effects of exchangeable debentures using the if converted method and Class A Share options using the treasury stock method.

Earnings per share has been calculated as follows:

	Three Months ended March 31, 2004	2003
Basic weighted average number of shares outstanding	13,232,182	12,717,054
Net effect, if converted method	6,932,000	3,016,415
Net effect, treasury method	326,773	214,574
Diluted common shares (1)	20,490,955	15,948,043
Net profit for the period, as reported	$10,989,000	$ 7,487,000
Effect of dilutive exchangeable debentures	943,000	305,000
Net profit, available to shareholders and assumed conversions	$11,932,000	$ 7,792,000
Basic earnings per share	$ 0.83	$ 0.59
Diluted earnings per share	$ 0.58	$ 0.49

On May 12, 2003 the shareholders of the Company voted to approve the conversion of the convertible debenture issued by a subsidiary of the Company into a second exchangeable debenture, which would be exchangeable, pursuant to its terms, for approximately 3.8 million Class A Shares of the Company. The second exchangeable debenture, when issued,

resulted in diluted earnings per share for the three months ended March 31, 2003 of $0.41 per share.

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(1) The diluted EPS computations do not include the antidilutive effect of the following options:

	Three Months ended March 31, 2004	2003
Number of antidilutive options, end of period	496,000	814,000

Stock based compensation

The following presents pro forma income and earnings per share impact, using a fair-value-based calculation, of the Company's stock-based compensation. Amounts are expressed in thousands of U.S. dollars except per share amounts.

	Three Months ended March 31, 2004	2003
Net profit, as reported	$ 10,989	$ 7,487
Stock-based employee compensation expense included in reported net income	—	—
Additional compensation expense	388	445
Pro forma net profit	$ 10,601	$ 7,042
Basic profit per share, as reported	$ 0.83	$ 0.59
Diluted profit per share, as reported	$ 0.58	$ 0.49
Pro forma basic profit per share	$ 0.80	$ 0.55
Pro forma diluted profit per share	$ 0.56	$ 0.46

For purposes of the pro forma presentation, the Company determined fair value using the Black-Scholes option pricing model. The weighted average fair value of options granted during the three months ended March 31, 2004 and 2003, respectively, was $1,094,000 and $873,000. The fair value is being amortized over five years on an after-tax basis, where applicable for purposes of pro forma presentation. Stock options generally expire five years after the date of grant or three months after the date of retirement, if earlier. Stock options generally vest over a five year period with 0% vesting in year one, 25% of the shares becoming exercisable on each of the next three anniversaries of the grant date and the balance vesting in the last six months of the option life. The vesting period is at the discretion of the Compensation and Stock Option Committee and is determined at the time of grant.

4. Differences between Canadian and U.S. GAAP

Effective January 1, 2004, under Canadian GAAP, the Company is required to expense the cost of stock-based compensation. The following table presents the income and earnings per share impact, using a fair-value-based calculation, of the Company's stock-based compensation. Amounts are expressed in thousands of U.S. dollars except per share amounts.

	Three Months ended March 31, 2004	2003
Net profit, as reported — U.S. GAAP	$ 10,989	$ 7,487
Additional compensation expense	388	445
Net profit — Canadian GAAP	$ 10,601	$ 7,042
Basic profit per share, as reported — U.S. GAAP	$ 0.83	$ 0.59
Diluted profit per share, as reported — U.S. GAAP	$ 0.58	$ 0.49
Basic profit per share — Canadian GAAP	$ 0.80	$ 0.55
Diluted profit per share — Canadian GAAP	$ 0.56	$ 0.46

5. Securities owned and securities sold, but not yet purchased (at fair market value)

	March 31, 2004	December 31, 2003
Securities owned consist of:		
Corporate equities	$35,677,000	$ 34,877,000
Corporate and sovereign debt	20,115,000	24,962,000
U.S. government and agency and state and municipal government obligations	38,722,000	32,070,000
Money market funds	3,190,000	3,288,000
Other	28,000	26,000
	$97,732,000	$ 95,223,000
Securities sold, but not yet purchased consist of:		
Corporate equities	$ 5,449,000	$ 3,128,000
Corporate debt	5,526,000	5,115,000
U.S. government and agency and state and municipal government obligations and other	2,525,000	2,444,000
	$13,500,000	$ 10,687,000

Securities owned and securities sold, but not yet purchased, consist of trading securities at fair market values. Included in securities owned at March 31, 2004 are securities with fair market values of approximately $15,986,000 ($15,781,000 at December 31, 2003), which are related to deferred compensation liabilities to Oppenheimer & Co. Inc. division employees. At March 31, 2004, the Company has pledged securities owned of approximately $1,601,000 ($1,427,000 at December 31, 2003) as collateral to counterparties for stock loan transactions, which can be sold or repledged.

6. Long term debt and exchangeable debentures

Issued	Maturity Date	Interest Rate	March 31, 2004
Bank loans (a)	1/2/2008	6.5%	$ 34,686,000
Less current portion			10,119,000
Long term portion of bank loans			$ 24,567,000
Zero Coupon Promissory Note, issued January 2, 2003 (b)	—	0%	$ 46,680,000
Less current portion			15,921,000
Long term portion of long-term debt			$ 30,759,000
First and Second Variable Rate Exchangeable Debenture, issued January 6, 2003 (c)	1/2/2013	4%	$160,822,000

(a) Bank loans are subject to a credit arrangement with Canadian Imperial Bank of Commerce (''CIBC'') dated January 2, 2003 in the aggregate amount of $50 million dollars, and bear interest at the U.S. base rate plus 2% per annum. The minimum annual principal repayment under the agreement is approximately $10,119,000. The principal repayments are tied to certain employee notes receivable issued during 2003 and repayments above the minimum level are triggered by the termination of employment of these employees. In accordance with the credit arrangement, the Company has provided certain covenants to CIBC with respect to the maintenance of minimum debt/equity ratios and net capital of Oppenheimer. As at March 31, 2004, the Company was in compliance with the covenants. Interest expense on bank loans was $581,000 and $289,000 in the three months ended March 31, 2004 and 2003, respectively.

(b) The Zero Coupon Promissory Note is repayable as related employee notes receivable, which are assigned to Oppenheimer, become due and are forgiven. Such payments are to be made notwithstanding whether any of the employees' loans default.

(c) The First and Second Variable Rate Exchangeable Debentures are exchangeable for approximately 6.9 million Class A Shares of the Company at the rate of $23.20 per share. The annual interest rate is 3% in 2003, 4% in 2004 — 2006, and 5% in 2007 through maturity. The First and Second Variable Rate Exchangeable Debentures, which mature on January 2, 2013, contain a retraction clause, which may be activated by the holder for a period of 120 days at the end of year seven. Interest is payable semi-annually in June and December. Interest expense on the First and Second Variable Rate Exchangeable Debentures was $1,626,000 and $1,206,000 for the three months ended March 31, 2004 and 2003, respectively.

7. Net Capital Requirements

The Company's major subsidiaries, Oppenheimer and Freedom, are subject to the uniform net capital requirements of the SEC under Rule 15c3-1 (the ''Rule''). Oppenheimer computes its net capital requirements under the alternative method provided for in the Rule which requires that Oppenheimer maintain net

capital equal to two percent of aggregate customer-related debit items, as defined in SEC Rule 15c3-3. At March 31, 2004, the net capital of Oppenheimer as calculated under the Rule was $183,739,000 or 17.08% of Oppenheimer's aggregate debit items. This was $162,218,000 in excess of the minimum required net capital. Freedom computes its net capital requirement under the basic method provided for in the Rule, which requires that Freedom maintain net capital equal to the greater of $250,000 or 6⅔% of aggregate indebtedness, as defined. At March 31, 2004, Freedom had net capital of $5,768,000, which was $5,518,000 in excess of the $250,000 required to be maintained at that date.

8. Securities lending activities

Securities borrowed and securities loaned are carried at the amounts of cash collateral advanced or received.

Securities borrowed transactions require the Company to deposit cash or other collateral with the lender. The Company receives cash or collateral in an amount generally in excess of the market value of securities loaned.

The Company monitors the market value of securities borrowed and loaned on a daily basis and may require counterparties to deposit additional collateral or return collateral pledged, when appropriate.

Included in receivable from brokers and clearing organizations are deposits paid for securities borrowed of $279,933,000 (as at December 31, 2003 — $237,329,000). Included in payable to brokers and clearing organizations are deposits received for securities loaned of $530,996,000 (as at December 31, 2003 — $444,977,000).

9. Financial instruments with off-balance sheet risk and concentration of credit risk

In the normal course of business, the Company's securities activities involve execution, settlement and financing of various securities transactions for customers. These activities may expose the Company to risk in the event customers, other brokers and dealers, banks, depositories or clearing organizations are unable to fulfill their contractual obligations.

The Company is exposed to off-balance sheet risk of loss on unsettled transactions in the event customers and other counterparties are unable to fulfill their contractual obligations. It is the Company's policy to periodically review, as necessary, the credit standing of each counterparty with which it conducts business.

Securities sold, but not yet purchased represent obligations of the Company to deliver the specified security at the contracted price and thereby create a liability to repurchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk, as the Company's ultimate obligation to satisfy the sale of securities sold, but not yet purchased may exceed the amount recognized on the balance sheet. Securities positions are monitored on a daily basis.

The Company's customer financing and securities lending activities require the Company to pledge customer securities as collateral for various financing sources such as bank loans and securities lending. At March 31, 2004, the Company had approximately $1.4 billion of customer securities under customer margin loans that are available to be pledged of which the Company has repledged approximately $327,765,000 under securities loan agreements. In addition, the Company has received collateral of approximately $270,506,000 under securities borrow agreements of which the Company has repledged approximately $200,215,000 as collateral under securities loans agreements. Included in receivable from brokers and clearing organizations are receivables from five major U.S. broker-dealers totaling $165,504,000.

The Company monitors the market value of collateral held and the market value of securities receivable from others. It is the Company's policy to request and obtain additional collateral when exposure to loss exists. In the event the counterparty is unable to meet its contractual obligation to return the securities, the Company may be exposed to off-balance sheet risk of acquiring securities at prevailing market prices.

At March 31, 2004, the Company had outstanding commitments to buy and sell of $267,000 and $125,000, respectively, primarily of mortgage-backed securities on a when issued basis. These commitments have off-balance sheet risks similar to those described above.

The Company has a clearing arrangement with Pershing LLC to clear certain transactions in foreign securities. Accordingly, the Company has credit exposures with this clearing broker. The clearing broker can rehypothecate the securities held on behalf of the Company. The clearing broker has the right to charge the Company for losses that result from a client's failure to fulfill its contractual obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At March 31, 2004, the Company has recorded no liabilities with regard to this right. The Company's policy is to monitor the credit standing of this clearing broker, all counterparties and all clients with which it conducts business.

10. Related Party Transactions

The Company has notes and accounts receivable from employees, net of reserves, of approximately $89,177,000 at March 31, 2004, which are recorded at face value net of accumulated amortization. These amounts will be forgiven over a service period from the initial date of the loan or based on productivity levels of employees with respect to certain of these notes receivable and are contingent on the employee's continued employment with the Company. The unforgiven portion of the notes become due and payable on demand in the event the employee departs during the service period.

11. Segment Information

The table below presents information about the reported operating income of the Company for the periods noted, in accordance with the method described in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. The Company's business is conducted primarily in the United States. Asset information by reportable segment is not reported, since the Company does not produce such information for internal use.

	Three Months ended March 31,	
	2004	2003
Revenue:		
Private Client	$148,100	$114,434
Capital Markets	23,880	41,337
Asset Management	12,313	4,012
Other	1,476	1,068
Total	$185,769	$160,851
Operating Income:		
Private Client*	$ 18,556	$(12,335)
Capital Markets	3,440	3,443
Asset Management	(544)	3,245
Other	(2,948)	18,544
Total	$ 18,504	$ 12,897

* Losses in the Private Client segment in 2003 are the result of transition services costs relating to the Oppenheimer & Co. division, which continued until Oppenheimer & Co division client accounts were converted to the Company's clearing platform at the end of May 2003, as well as significant litigation settlement costs relating to Josephthal.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Reference is also made to the Company's consolidated financial statements and notes thereto found in its Annual Report on Form 10-K for the year ended December 31, 2003.

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is based on the Company's unaudited interim condensed consolidated financial statements for the quarter ended March 31, 2004 prepared in accordance with U.S. GAAP. Reference is made to notes 1 and 4 to those statements. Note 4 provides a reconciliation of the profit and earnings per share impact of expensing stock-based compensation which is required under Canadian GAAP. This is the only material difference between Canadian and U.S. GAAP.

The Company engages in a broad range of activities in the securities industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), research, market-making, and investment advisory and asset management services. The Company provides its services from 100 offices in 22 states located throughout the United States. The Company conducts business in South America through local broker-dealers. Client assets entrusted to the Company as at March 31, 2004 totalled approximately $46.7 billion. The Company provides investment advisory services through Oppenheimer Asset Management Inc. and Fahnestock Asset Management, operating as a division of Oppenheimer. The Company provides trust services and products through Oppenheimer Trust Company. At March 31, 2004, client assets under management by the asset management groups totalled $9.86 billion. At March 31, 2004, the Company employed approximately 2,941 people, of whom 1,642 were financial consultants.

Critical Accounting Policies

The Company's accounting policies are essential to understanding and interpreting the financial results reported in the condensed consolidated financial statements. The significant accounting policies used in the preparation of the Company's condensed consolidated financial statements are summarized in note 1 to those statements. Certain of those policies are considered to be particularly important to the presentation of the Company's financial results because they require management to make difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain. The following is a discussion of these policies.

Valuation of Financial Instruments

Substantially all financial instruments are reflected in the consolidated financial statements at fair value or amounts that approximate fair value. These include cash equivalents; deposits with clearing organizations; securities owned; and securities sold, but not yet purchased. Where available, the Company uses prices from independent sources, such as listed

market prices, or broker or dealer price quotations. In addition, even where the value of a security is derived from an independent market price or broker or dealer quote, certain assumptions may be required to determine the fair value. For instance, the Company generally assumes that the size of positions in securities that the Company holds would not be large enough to affect the quoted price of the securities if the Company were to sell them, and that any such sale would happen in an orderly manner. However, these assumptions may be incorrect and the actual value realized upon disposition could be different from the current carrying value.

Intangible Assets and Goodwill

Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. SFAS No. 142, ''Goodwill and Other Intangible Assets,'' provides that goodwill is no longer amortized and the value of identifiable intangible assets must be amortized over their useful lives, unless the asset is determined to have an indefinite useful life. Goodwill relates to the acquisitions of Oppenheimer, First of Michigan Capital Corporation, Grand Charter Group Incorporated, Josephthal & Co. Inc. and the Oppenheimer division and has been allocated to the private client reporting unit pursuant to SFAS No. 142. The Company obtained an independent valuation of assets acquired and liabilities assumed with respect to the acquisition of the Oppenheimer division in 2003. This valuation involved significant estimates, which were based on historical data, revenue projections and industry experience. The Company has identified intangible assets relating to customer relationships, which it is amortizing over their useful lives, and trademarks and trade names, which are being evaluated for impairment on at least an annual basis. The excess cost of the Oppenheimer division is being allocated to goodwill.

The Company reviews its goodwill on at least an annual basis in order to determine whether its value is impaired. Goodwill is impaired when the carrying amount of the reporting unit exceeds the implied fair value of the reporting unit. In estimating the fair value of the reporting unit, the Company uses valuation techniques based on multiples of revenues, earnings, book value and discounted cash flows similar to models employed in analyzing the purchase price of an acquisition target. If the value of the goodwill is impaired, the difference between the value of the goodwill reflected on the financial statements and its current fair value is recognized as an expense in the period in which the impairment occurs.

Reserves

The Company records reserves related to legal proceedings in ''other payables and accrued expenses''. The determination of the amounts of these reserves requires significant judgment on the part of management. Management considers many factors including, but not limited to: the amount of the claim; the amount of the loss, if any, in the client's account; the basis and validity of the claim; the possibility of wrong doing on the part of an employee of the Company; previous results in similar cases; and legal precedents and case law as well as the timing of the resolution of such matters. Each legal proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Any

change in the reserve amount is recorded as a charge to results in that period. The assumptions of management in determining the estimates of reserves may be incorrect and the actual disposition of a legal proceeding could be greater or less than the reserve amount.

The Company also records reserves or allowances for doubtful accounts related to receivables from clients and financial consultants. Client loans are collateralized by securities; however, if there is a decline in the value of the collateral and the Company cannot obtain additional collateral or collect on the loan, a reserve is established. The Company also makes loans or pays advances to financial consultants. Reserves are established on these receivables if the financial consultant is no longer associated with the Company and the receivable has not been promptly repaid or if it is determined that it is probable the amount will not be collected.

The Company also estimates taxes payable and records income tax reserves. These reserves are based on historical experience and may not reflect the ultimate liability. The Company monitors and adjusts these reserves as necessary.

Business Environment

The securities industry is directly affected by general economic and market conditions, including fluctuations in volume and price levels of securities and changes in interest rates, all of which have an impact on commissions and firm trading and investment income as well as on liquidity. Substantial fluctuations can occur in revenues and net income due to these and other factors.

Results of Operations

The Company reported net profit of $10,989,000 or $0.83 per share for the first quarter of 2004, an increase of 47% in net profit when compared to $7,487,000 or $0.59 per share in the first quarter of 2003. Revenue for the first quarter of 2004 was $185,769,000, an increase of 15% compared to revenue of $160,851,000 in the first quarter of 2003. Expenses increased by 13% in the quarter ended March 31, 2004 compared to the first quarter of 2003, primarily reflecting increased variable compensation expense driven by higher revenues as well as higher expenses associated with last year's acquisition of the CIBC Private Client & Asset Management businesses.

The Company's strong results in 2004 reflect higher levels of client activity, particularly in comparison with the pre-war period of the same time last year. Income for client services rebounded on the strength of higher transaction volumes and increased values in assets under fee-based management. The strengthening U.S. economy and continued low interest rates provided a backdrop for strength in NASDAQ securities that resulted in substantial gains in the speculative portion of the market while the more senior averages were substantially unchanged for the period. These conditions generated higher commission income as well as higher underwriting and advisory fee income.

It is important to note when comparing the 2004 and 2003 results, that the 2003 first quarter results were substantially impacted by non-operating items resulting from a favorable arbitration award in the amount of $21,750,000, litigation costs

from cases involving firms acquired in 2001 of approximately $5 million, and write-downs of approximately $1.2 million (netting to approximately $15.5 million). In addition, during the first quarter of 2003, the Company's results were impacted by higher expenses resulting from an agreement with CIBC to provide clearing and other services to the U.S. private client business, which was acquired from them in January 2003. The business was transferred to the Company's platform and facilities at the end of May 2003. As a result, substantial savings were realized in the 2004 period compared to 2003.

Commission income and, to a large extent, income from principal transactions depend on investor participation in the markets. Commission revenue increased by 35% in the three months ended March 31, 2004 compared to the comparable period of 2003 primarily as a result of the increased investor activity in the markets. Net revenue from principal transactions increased by 41% in the three months ended March 31, 2004 compared to the comparable period of 2003 due to increased NASDAQ activity as a result of the improved market environment. Investment banking revenues remained unchanged in the three months ended March 31, 2004 compared with the same period of 2003. Advisory fees increased by 66% in the three months ended March 31, 2004 compared to the same period of 2003 as a result of the addition of the business of Oppenheimer Asset Management Inc., following its acquisition on June 4, 2003.

Net interest revenue (interest revenue less interest expense) decreased by 12% in the three months ended March 31, 2004 compared to the comparable period of 2003 due to higher costs associated with debt utilized in connection with the 2003 acquisition.

Expenses increased by 13% in the three months ended March 31, 2004 compared to the comparable period of 2003. Compensation expense increased by 22% in the three months ended March 31, 2004 compared to the comparable period of 2003. Compensation expense has volume-related components and, therefore, increased with the increased level of commission business conducted in the three months ended March 31, 2004 compared to the comparable period of 2003. The amortization of forgivable loans to brokers is included in compensation expense and contributed to the increase in compensation expense in the three months ended March 31, 2004 compared to the comparable period in 2003. The cost of clearing and exchange fees decreased 43% in the three months ended March 31, 2004 compared to the comparable period of 2003 due to the elimination of higher costs associated with the clearing of Oppenheimer private client division client accounts by CIBC World Markets during the transition period through May 27, 2003. The cost of communications and technology increased 15% in the three months ended March 31, 2004 compared to the comparable period of 2003 due to the costs associated with upgrading the technology base across the firm after the conversion of the Oppenheimer private client division accounts in May 2003. Occupancy costs increased by 2% in three months ended March 31, 2004 compared to the same period of 2003 primarily due to the additional cost of space occupied by Oppenheimer Asset Management Inc., which was acquired on June 4, 2003. Occupancy costs have been

aggressively addressed and previously underutilized space has been refitted and occupied and overlapping offices have been integrated into a single location. Other expenses continue to be affected by litigation settlement costs. The Company may face additional unfavorable judgments in future quarters. The Company has used its best estimate to provide adequate reserves to cover litigation losses.

Liquidity and Capital Resources

Total assets at March 31, 2004 increased by approximately 2% from December 31, 2003 due to increases in securities owned, receivables from brokers and clearing organizations and deposits with clearing organizations. Liquid assets accounted for 89 % of total assets, consistent with year-end levels. The Company satisfies its need for funds from its own cash resources, internally generated funds, collateralized and uncollateralized borrowings, consisting primarily of bank loans, and uncommitted lines of credit. The amount of Oppenheimer's bank borrowings fluctuates in response to changes in the level of the Company's securities inventories and customer margin debt, changes in stock loan balances and changes in notes receivable from employees. Oppenheimer has arrangements with banks for borrowings on an unsecured and on a fully collateralized basis. At March 31, 2004, $79,900,000 of such borrowings were outstanding, a decrease of 13% compared to outstanding borrowings at December 31, 2003. At March 31, 2004, the Company had available collateralized and uncollateralized letters of credit of $132,000,000.

In connection with the acquisition of the Oppenheimer division, the Company issued debentures in the amount of approximately $161 million and a zero coupon promissory note in the amount of approximately $66 million. The notes to the financial statements contain a description of these instruments. The interest due on the debentures is payable semi-annually and is being financed from internally generated funds. The principal payments on the zero coupon promissory note are also being financed from internally generated funds. The Company believes that the necessary internally generated funds will be available to service these obligations from funds generated by normal operations, including funds generated by the acquired business.

In connection with the acquisition of the Oppenheimer divisions, the Company has arranged a credit facility in the amount of $50 million with CIBC. In January 2003, the Company borrowed $25 million under this facility and borrowed the balance in July 2003. The borrowings were used to finance broker notes and are repayable, together with interest at the CIBC U.S. base rate plus 2%, over five years or earlier if any broker notes become due earlier. The interest and principal repayments are being made out of internally generated funds and the Company believes that the cash flow from funds generated by normal operations, including funds generated by the acquired business, will be adequate to enable the Company to meet its obligations. In accordance with the credit arrangement, the Company has provided certain covenants to CIBC with respect to the maintenance of minimum debt/equity ratios and net capital of Oppenheimer. In the Company's view, the most restrictive of the covenants requires that

Oppenheimer maintain minimum excess net capital of $100 million. As at March 31, 2004, the Company was in compliance with the covenants. The Company does not foresee any difficulties in complying with the covenants.

Management believes that funds from operations, combined with the Company's capital base and available credit facilities, are sufficient for the Company's liquidity needs in the foreseeable future.

The Company has not made any purchases in the first quarter of 2004 pursuant to a Normal Course Issuer Bid (which commenced on July 10, 2003 and terminates on July 9, 2004).

On February 20, 2004, the Company paid cash dividends of U.S.$0.09 per Class A Share and Class B Share totaling $1,200,000 from available cash on hand.

On April 26, 2004, the Board of Directors declared a regular quarterly cash dividend of U.S. $0.09 per Class A and Class B Share payable on May 21, 2004 to shareholders of record on May 7, 2004.

The book value of the Company's Class A and Class B Shares was $22.53 at March 31, 2004 compared to $20.31 at March 31, 2003, an increase of approximately 11%, based on total outstanding shares of 13,472,666 and 12,788,118, respectively.

Contractual and Contingent Obligations

The Company has contractual obligations to make future payments in connection with non-cancelable lease obligations, certain retirement plans and debt assumed upon the acquisition of Josephthal Group Inc.

The following table sets forth these contractual and contingent commitments as at March 31, 2004.

Contractual Obligations (In millions of dollars)

	2004	2005	2006	2007	Thereafter	Total
Minimum rentals	$16	$21	$19	$17	$ 68	$141
Supplemental Executive Retirement Plan	1	—	—	—	—	1
Assumed Josephthal notes	3	1	—	—	—	4
Bank loans	5	10	10	10	—	35
Debentures	—	—	—	—	161	161
Zero coupon notes	11	15	15	6	—	47
Total	$36	$47	$44	$33	$229	$389

Newly Issued Accounting Standards

The Financial Accounting Standards Board issued SFAS No. 146, ''Accounting for Costs Associated with Exit or Disposal Activities'', FIN No. 45, ''Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others'', FIN No. 46, ''Consolidation of Variable Interest Entities'', SFAS No 149, ''Amendment of Statement 133 on Derivative Instruments and Hedging Activities'', and SFAS No. 150, ''Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity''. The Company has adopted these statements and interpretations and their adoption did not have a material impact on its financial results.

The Company has reviewed SFAS No. 148, ''Accounting for Stock-Based Compensation — Transition and Disclosure'' and has adopted the disclosure provisions, but does not intend to adopt the other provisions of this standard at this time.

Risk Management

The Company's principal business activities by their nature involve significant market, credit and other risks. The Company's effectiveness in managing these risks is critical to its success and stability.

As part of its normal business operations, the Company engages in the trading of both fixed income and equity securities in both a proprietary and market-making capacity. The Company makes markets in over-the-counter equities in order to facilitate order flow and accommodate its institutional and retail customers. The Company also makes markets in municipal bonds, mortgage-backed securities, government bonds and high yield bonds.

Market Risk
Market risk generally means the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest and currency exchange rates and in equity and commodity prices. Market risk is inherent in all types of financial instruments, including both derivatives and non-derivatives. The Company's exposure to market risk arises from its role as a financial intermediary for its customers' transactions and from its proprietary trading and arbitrage activities.

Operational Risk
Operational risk generally means the risk of loss resulting from improper processing of transactions or deficiencies in the Company's operating systems or internal controls. With respect to its trading activities, the Company has procedures designed to ensure that all transactions are accurately recorded and properly reflected on the Company's books on a timely basis. With respect to client activities, the Company operates a system of internal controls designed to ensure that transactions and other account activity (new account solicitation, transaction authorization, transaction processing, billing and collection) are properly approved, processed, recorded and reconciled. The Company has procedures designed to assess and monitor counterparty risk. For a discussion of funding risk, see ''Liquidity and Capital Resources'', above.

Credit Risk
Credit risk arises from non-performance by trading counterparties, customers and issuers of debt securities held in the Company's inventory. The Company manages this risk by imposing and monitoring position limits, regularly reviewing trading counterparties, monitoring and limiting securities concentrations, marking positions to market on a daily basis to evaluate and establish the adequacy of collateral, and, with respect to trading counterparties, conducting business through clearing corporations which guarantee performance.

Legal and Regulatory Risk
Legal and regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements. The Company is subject to extensive regulation in the different jurisdictions in which it conducts its activities. The Company has comprehensive procedures for addressing issues such as regulatory capital requirements, sales and trading practices, use of and safekeeping of customer funds and securities, granting of credit, collection activities, money laundering, and record keeping.

Controls and Procedures

As of the end of the reporting period, an evaluation was carried out under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective. No significant changes were made in the Company's internal controls over financial reporting during the quarter ended March 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Factors Affecting "Forward-Looking Statements"

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements relate to anticipated financial performance, future revenues or earnings, the results of litigation, business prospects and anticipated market performance of the Company. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to: (i) transaction volume in the securities markets, (ii) the volatility of the securities markets, (iii) fluctuations in interest rates, (iv) changes in regulatory requirements which could affect the cost and manner of doing business, (v) fluctuations in currency rates, (vi) general economic conditions, both domestic and international, (vii) changes in the rate of inflation and the related impact on the securities markets, (viii) competition from existing financial institutions and other new participants in the securities markets, (ix) legal or economic developments affecting the litigation experience of the securities industry or the Company, (x) changes in federal and state tax laws which could affect the popularity of products and services sold by the

Company, (xi) the effectiveness of efforts to reduce costs and eliminate overlap, (xii) war and nuclear confrontation and (xiii) corporate governance issues. There can be no assurance that the Company has correctly or completely identified and assessed all of the factors affecting the Company's business. The Company does not undertake any obligation to publicly update or revise any forward-looking statements.

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WEBSITE

The Company's public financial filings and press releases are posted on its website — www.opco.com under Investor Relations.

STOCK LISTING

The Class A non-voting shares of Oppenheimer Holdings Inc. are listed on the New York and Toronto Stock Exchanges under the symbol OPY.

FORM 10-Q

A copy of the Company's Quarterly Report filed on Form 10-Q with the SEC is available upon request from either of the offices listed above or by email to investorrelations@opy.ca.