OPPENHEIMER

Press Release

Oppenheimer Holdings Inc. Reports Fourth Quarter and Full Year 2013 Earnings and Announces Quarterly Dividend

New York, January 31, 2014 – Oppenheimer Holdings Inc. (NYSE: OPY) today reported net income of $13.3 million or $0.99 per share for the fourth quarter of 2013 compared with a net loss of $3.7 million or ($0.27) per share for the fourth quarter of 2012. Revenue for the fourth quarter of 2013 was $293.4 million compared with $249.4 million in the fourth quarter of 2012, an increase of 17.6%. The Company's results for the fourth quarter of 2013 were significantly impacted by gross performance (or incentive) fees of $33.3 million before internal and external expenses earned from the Company's participation in hedge funds in its asset management business.

For the year ended December 31, 2013, the Company reported net income of $25.1 million or $1.85 per share compared with a net loss of $3.6 million or ($0.27) per share for the year ended December 31, 2012. Revenue for the year ended December 31, 2013 was $1.02 billion compared with $952.6 million for the year ended December 31, 2012, an increase of 7.0%.

Summary Operating Results (Unaudited)

('000s, except Earnings Per Share and Book Value Per Share)

	For the 3-Months Ended			For the 12-Months Ended		
	12/31/13	12/31/12	% Δ	12/31/13	12/31/12	% Δ
Revenue	$ 293,362	$ 249,415	17.6	$1,019,714	$ 952,612	7.0
Net Income (Loss)(1)	$ 13,313	$ (3,700)	*	$ 25,061	$ (3,613)	*
Earnings (Loss) Per Share(1)						
Basic	$ 0.99	$ (0.27)	*	$1.85	$ (0.27)	*
Diluted	$ 0.94	$ (0.27)	*	$1.77	$ (0.27)	*
Weighted Average # of Common Shares Outstanding						
Basic	13,492	13,611	(0.9)	13,578	13,602	(0.2)
Diluted	14,143	13,611	3.9	14,124	13,602	3.8

	As of:		
	12/31/13	12/31/12	% Δ
Book Value Per Share	$ 38.77	$ 36.80	5.4
Tangible Book Value Per Share	$ 26.19	$ 24.34	7.6

(1) Attributable to Oppenheimer Holdings Inc.
* Not comparable

The Federal Reserve's decision late in the fourth quarter to reduce its ongoing bond purchases fueled a rally in the equity markets. The U.S. equity markets closed strong for the quarter and for the year as the S&P 500 returned 9.9% and 32.2%, respectively. This was the largest annual gain for the S&P 500 in 16 years. The underpinnings of the rally were based on improvements seen in economic data, continued low interest rates coupled with low inflationary expectations, and high levels of liquidity fueled by the Federal Reserve's bond purchases. The U.S. economy experienced a rebound in housing and auto sales, and increased levels of consumer spending, with lower levels of unemployment. These changes in the real economy as well as indications of increased accommodation in Washington towards the adoption of a budget and permitting an increase in the U.S. debt limit which together provided the positive sentiment to push stock indices to record levels. A significantly different picture existed within the fixed income markets. Negative returns in fixed income securities for the fourth quarter and for the year ended December 31, 2013 were propelled by expectations of a growing economy and higher interest rates on longer term securities as the Federal Reserve announced its intentions to begin tapering from its economic programs.

Albert G. Lowenthal, Chairman and CEO, stated "we are happy to finish the year on a positive note as our business continues to benefit from the strong equity markets and improvements made across the business as we continue to develop our franchise. The Company produced revenue in excess of $1 billion for only the second time in its history. The Private Client and Asset Management businesses continue to offer innovative strategies and create opportunities that attract new assets to the platform. This momentum has led to a record year in both client assets under administration and client assets under management. The Capital Markets businesses have gone through a period of transformation and are now better positioned to serve our middle market client base. The fourth quarter was significantly impacted by incentive fees earned from client investments in hedge funds in which the Company is the general partner. Such amounts, while reflective of a full year's performance, are only earned at year-end based on the full year's performance. The decline in the operating results of the Commercial Mortgage Banking business was the result of reduced mortgage refinancing activity and re-entry of competition in the commercial mortgage market. We are seeing the return of investors to the equity markets as the fixed income market experienced record sales and redemptions in favor of variable rate investments and higher yielding equity securities. This together with our continued investment in capital markets expertise should pay increasing returns as the competitive environment begins to favor middle market firms who can provide higher levels of service to corporate and individual clients. The Company has turned the corner from some of the legacy legal and regulatory issues arising from the financial crisis and is positioned extremely well to participate in the continued upturn in the economy and the resulting increased sentiment for capital raising."

<u>Financial Highlights for the Fourth Quarter and Full Year</u>

- Commission revenue was $122.5 million for the fourth quarter of 2013, an increase of 3.5% compared with the fourth quarter of 2012. For the year ended December 31, 2013, commission revenue was $486.8 million compared with $469.9 million for the comparable period last year, an increase of 3.6%.

- Principal transactions revenue decreased 26.9% to $10.2 million during the fourth quarter of 2013 compared with the fourth quarter of 2012 due to a reduction of trading profits associated with corporate and municipal bonds as well as losses in government bonds. For the year ended December 31, 2013, principal transactions revenue was $43.8 million compared with $54.3 million for the comparable period last year, a decrease of 19.4%.

- Investment banking revenue was up 55.9% to $35.6 million for the fourth quarter of 2013 compared with $22.8 million for the fourth quarter of 2012 due to increased fees from equity underwritings during the 2013 quarter. For the year ended December 31, 2013, investment banking revenue was $98.0 million compared with $89.5 million for the comparable period last year, an increase of 9.5%.

- Advisory fees were $96.8 million during the fourth quarter of 2013, an increase of 46.7% compared with the fourth quarter of 2012 due to increased management and performance fees earned on managed products. For the year ended December 31, 2013, advisory fees were $274.2 million compared with $222.7 million for the comparable period last year, an increase of 23.1%.

Business Segment Results (Unaudited)						
	For the 3-Months Ended			For the 12-Months Ended		
('000s)	12/31/13	12/31/12	% Δ	12/31/13	12/31/12	% Δ
Revenue						
Private Client	$ 169,108	$ 144,267	17.2	$ 600,071	$ 550,797	8.9
Asset Management	37,764	25,312	49.2	102,214	84,160	21.5
Capital Markets	79,882	73,662	8.4	281,377	283,139	(0.6)
Commercial Mortgage Banking	7,287	7,956	(8.4)	34,144	35,682	(4.3)
Corporate/Other	(679)	(1,782)	61.9	1,908	(1,166)	*
	293,362	249,415	17.6	1,019,714	952,612	7.0
Income (Loss) Before Income Taxes						
Private Client	17,811	13,930	27.9	65,924	53,487	23.3
Asset Management	20,619	12,211	68.9	40,951	25,436	61.0
Capital Markets	(1,838)	(19,803)	90.7	6,968	(15,324)	*
Commercial Mortgage Banking	3,436	3,282	4.7	11,413	15,267	(25.2)
Corporate/Other	(16,669)	(16,755)	0.5	(81,347)	(79,393)	(2.5)
	$ 23,359	$ (7,135)	*	$ 43,909	$ (527)	*

* Not comparable

FOURTH QUARTER 2013 RESULTS

Private Client

Private Client reported revenue of $169.1 million for the fourth quarter of 2013, 17.2% higher than the fourth quarter of 2012. Income before income taxes was $17.8 million, an increase of 27.9% compared with the fourth quarter of 2012, driven by increases in both transactional and fee-based business during the fourth quarter of 2013 compared with the same period of 2012. The fee-based business includes both management and performance fees which were up $7.3 million and $12.0 million, respectively, over the fourth quarter of 2012.

- Client assets under administration were $84.6 billion at December 31, 2013, a record for the Company.
- Financial Advisor headcount was 1,388 at the end of the fourth quarter of 2013, down from 1,406 at the end of the prior year.
- Retail commissions were $81.9 million for the fourth quarter of 2013, a decrease of 1.0% from the prior year quarter.
- Advisory fee revenue on traditional and alternative managed products was $60.4 million for the fourth quarter of 2013, an increase of 44.1% over the prior year quarter (see Asset Management below for further information).
- Performance fees from the participation in hedge funds were $17.8 million for the fourth quarter of 2013 compared with $5.9 million for the fourth quarter of 2012, an increase of 201.7%. Performance fees, allocated to this business segment, are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.
- Money market fees were reduced by waivers in the amount of $8.1 million during the fourth quarter of 2013 versus waivers of $6.6 million during the fourth quarter of 2012.

Asset Management

Asset Management reported revenue of $37.8 million for the fourth quarter of 2013, 49.2% higher than the fourth quarter of 2012. Income before income taxes was $20.6 million, an increase of 68.9% compared with the fourth quarter of 2012, as a result of increased management and performance fees earned on managed products.

- Advisory fee revenue on traditional and alternative managed products was $36.4 million for the fourth quarter of 2013, an increase of 51.4% over the prior year quarter. Asset management fees are calculated based on client assets under management ("AUM") at the end of the prior quarter which totaled $23.8 billion at September 30, 2013 ($21.1 billion at September 30, 2012) and are allocated to the Private Client and Asset Management Divisions.

- AUM increased 21.2% to $25.3 billion at December 31, 2013, a record for the Company, compared to $20.9 billion at December 31, 2012, which is the basis for advisory fee billings for the first quarter of 2014. The increase in AUM was comprised of asset appreciation of $3.0 billion and net new assets of $1.4 billion.

- Performance fees from the participation in hedge funds were $15.5 million for the fourth quarter of 2013 compared with $4.9 million for the fourth quarter of 2012, an increase of 216.3%. Performance fees, allocated to this business segment, are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.

Capital Markets

Capital Markets reported revenue of $79.9 million for the fourth quarter of 2013, 8.4% higher than the fourth quarter of 2012 due to increased fees from equity underwritings offset by lower principal transaction revenue during the fourth quarter of 2013. Loss before income taxes was $1.8 million for the fourth quarter of 2013 compared with a loss before income taxes of $19.8 million for the fourth quarter of 2012 which was negatively impacted by increased litigation costs associated with an arbitration award rendered against the Company in an auction rate securities-related matter offset by non-cash adjustments related to contingent consideration issued as part of a prior acquisition.

- Institutional equities commissions were $28.0 million for the fourth quarter of 2013, an increase of 16.4% compared with the prior year period.
- Advisory fees from investment banking activities increased 21.3% to $10.2 million in the fourth quarter of 2013 compared with the prior year period.
- Equity underwriting fees increased 92.4% to $19.5 million for the fourth quarter of 2013 compared with the prior year period.
- Revenue from Taxable Fixed Income decreased 17.0% to $19.0 million for the fourth quarter of 2013 compared with the prior year period.
- Public Finance and Municipal Trading revenue was down 45.1% to $5.1 million for the fourth quarter of 2013 compared with the prior year period.

Commercial Mortgage Banking

Commercial Mortgage Banking reported revenue of $7.3 million for the fourth quarter of 2013, 8.4% lower than the fourth quarter of 2012, due to a decrease in the dollar volume of loans originated during the 2013 period offset by adjustments made for unfunded loan commitments extended and changes in the value of mortgage servicing rights ("MSRs"). Income before income taxes was $3.4 million, an increase of 4.7% compared with the fourth quarter of 2012.

- Loan origination fees for the fourth quarter of 2013 were $829,000 as the Company originated seven commercial loans with an aggregate principal loan balance of $86.5 million.
- Net servicing revenue for the fourth quarter of 2013 was $1.3 million compared with $1.2 million for the comparable period in 2012.
- Principal loan balances related to servicing activities totaled $3.9 billion at December 31, 2013, up 14.7% from December 31, 2012.

Compensation and Benefit Expenses

Compensation and benefits (including salaries, production and incentive compensation, share-based compensation, deferred compensation, and other benefit-related items) totaled $195.6 million during the fourth quarter of 2013, an increase of 18.6% over the fourth quarter of 2012. Compensation as a percentage of revenue was 66.7% during the fourth quarter of 2013 compared to 66.1% during the fourth quarter of 2012. An increase in production-related compensation contributed to much of the increase due to payouts associated with higher management and performance fees on managed products. Share-based compensation increased due to the increase in the value of stock appreciation rights associated with the Company's stock. Incentive and deferred compensation also increased during the period.

Non-Compensation Expenses

Non-compensation expenses were $74.4 million during the fourth quarter of 2013, a decrease of 18.9% compared to $91.7 million during the same period last year which was negatively impacted by increased litigation costs associated with an arbitration award rendered against the Company in an auction rate securities-related matter.

Provision for Income Taxes

The effective income tax rate for the fourth quarter of 2013 was 41.4% compared with 52.8% for the prior year fourth quarter which reported a loss and was positively impacted by investment tax credits related to state investment and employment incentives.

FULL-YEAR 2013 RESULTS

Private Client

Private Client reported revenue of $600.1 million for the year ended December 31, 2013, 8.9% higher than the year ended December 31, 2012. Income before income taxes was $65.9 million, an increase of 23.3% compared with the year ended December 31, 2012, driven by increases in both transactional and fee-based business during the year ended December 31, 2013 compared with the same period of 2012. The fee-based business includes both management and performance fees which were up $23.8 million and $11.9 million, respectively, over the same period in 2012. Performance fees are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.

- Retail commissions were $326.1 million for the year ended December 31, 2013, an increase of 0.4% over the prior year period.

- Advisory fee revenue on traditional and alternative managed products was $177.4 million for the year ended December 31, 2013, an increase of 23.4% over the prior year period (see Asset Management below for further information).
- Performance fees from the participation in hedge funds were $17.8 million for the year ended 2013 compared with $5.9 million over the prior period, an increase of 203.1%. Performance fees, allocated to this business segment, are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.
- Money market fees were reduced by waivers in the amount of $30.4 million during the year ended December 31, 2013 versus waivers of $24.8 million during the year ended December 31, 2012.

Asset Management

Asset Management reported revenue of $102.2 million for the year ended December 31, 2013, 21.5% higher than the year ended December 31, 2012. Income before income taxes was $41.0 million, an increase of 61.0% compared with the same period of 2012, as a result of increased management and performance fees earned on managed products.

- Advisory fee revenue on traditional and alternative managed products was $96.8 million for the year ended 2013, an increase of 22.5% over the prior year period.
- Performance fees from the participation in hedge funds were $15.5 million for the year ended December 31, 2013 compared with $4.9 million for the year ended December 31, 2012, an increase of 216.3%. Performance fees, allocated to this business segment, are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.

Capital Markets

Capital Markets reported revenue of $281.4 million for the year ended December 31, 2013, 0.6% lower than the year ended December 31, 2012. Income before income taxes was $7.0 million for the year ended December 31, 2013 compared with a loss before income taxes of $15.3 million for the same period of 2012, due to higher equity underwriting fees and lower litigation costs.

- Institutional equities commissions were $106.5 million for the year ended December 31, 2013, an increase of 2.7% compared with the prior year period.
- Advisory fees from investment banking activities decreased 30.5% to $27.1 million in the year ended December 31, 2013 compared with the prior year period.
- Equity underwriting fees increased $15.7 million or 43.8% to $51.4 million for the year ended December 31, 2013 compared with the prior year period.
- Revenue from Taxable Fixed Income decreased 3.7% to $80.8 million for the year ended December 31, 2013 compared with the prior year period.
- Public Finance and Municipal Trading revenue was down 19.1% to $21.9 million for the year ended December 31, 2013 compared with the prior year period.

Commercial Mortgage Banking

Commercial Mortgage Banking reported revenue of $34.1 million for the year ended December 31, 2013, 4.3% lower than the year ended December 31, 2012, due to a decrease in the dollar volume of loans originated during the 2013 period offset by adjustments made for unfunded loan commitments extended and changes in the value of MSRs. Income before income taxes was $11.4 million, a decrease of 25.2% compared with the same period of 2012.

- Loan origination fees for the year ended December 31, 2013 were $7.2 million as the Company originated 62 commercial loans with an aggregate principal loan balance of $589.0 million.
- Net servicing revenue for the year ended December 31, 2013 was $5.1 million compared with $4.2 million for the comparable period in 2012.

Compensation and Benefit Expenses

Compensation and benefits (including salaries, production and incentive compensation, share-based compensation, deferred compensation, and other benefit-related items) totaled $675.9 million during the year ended December 31, 2013, an increase of 7.9% over the year ended December 31, 2012. Compensation as a percentage of revenue was 66.3% during the year ended December 31, 2013 compared to 65.8% for the year ended December 31, 2012. An increase in production-related compensation contributed to much of the increase due to payouts associated with higher management and performance fees on managed products. Share-based compensation increased due to the increase in the value of stock appreciation rights associated with the Company's stock. Incentive and deferred compensation also increased during the period.

Non-Compensation Expenses

Non-compensation expenses were $299.9 million during the year ended December 31, 2013, a decrease of 8.2% compared to $326.7 million during the same period last year which was negatively impacted by increased litigation costs associated with an arbitration award rendered against the Company in an auction rate securities-related matter.

Provision for Income Taxes

The effective income tax rate for the year ended December 31, 2013 was 40.4% compared with (61.5%) for the same period in 2012. The negative effective tax rate for full year ended December 31, 2012 was primarily attributable to the small loss before income taxes, which disproportionately magnified the impact of permanent book-tax differences and tax reserves. As the Company realized a profit in 2013, the effective tax rate for 2013 has reverted to historical norms.

Balance Sheet and Liquidity

- At December 31, 2013, total equity was $527.9 million compared with $505.0 million at December 31, 2012.
- At December 31, 2013, book value per share was $38.77 (compared with $36.80 at December 31, 2012) and tangible book value per share was $26.19 (compared with $24.34 at December 31, 2012).
- The Company's level 3 assets, primarily auction rate securities, were $91.3 million at December 31, 2013 (compared with $85.4 million at December 31, 2012).

Dividend Announcement

The Company today announced a quarterly dividend in the amount of $0.11 per share payable on February 28, 2014 to holders of Class A non-voting and Class B voting common stock of record on February 14, 2014.

Company Information

Oppenheimer Holdings Inc., through its operating subsidiaries, is a leading middle market investment bank and full service broker-dealer that provides a wide range of financial services including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), research, market-making, trust, investment management, and commercial mortgage banking. With roots tracing back to 1881, the firm is headquartered in New York and has 96 offices in 25 states and 5 foreign jurisdictions.

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 the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Oppenheimer Holdings Inc. Consolidated Income Statements (unaudited)						
('000s, except EPS)						
	For the 3-Months Ended			For the 12-Months Ended		
	12/31/13	12/31/12	% Δ	12/31/13	12/31/12	% Δ
REVENUE						
Commissions	$122,495	$118,378	3.5	$486,767	$469,865	3.6
Principal transactions, net	10,172	13,924	(26.9)	43,768	54,311	(19.4)
Interest	13,300	15,200	(12.5)	53,216	57,662	(7.7)
Investment banking	35,600	22,830	55.9	97,977	89,477	9.5
Advisory fees	96,761	65,936	46.7	274,178	222,732	23.1
Other	15,034	13,147	14.4	63,808	58,565	9.0
	293,362	249,415	17.6	1,019,714	952,612	7.0
EXPENSES						
Compensation and related expenses	195,640	164,895	18.6	675,936	626,411	7.9
Clearing and exchange fees	6,047	5,704	6.0	24,481	23,750	3.1
Communications and technology	16,936	16,013	5.8	65,817	63,359	3.9
Occupancy and equipment costs	15,647	3,539	342.1	66,758	62,818	6.3
Interest	5,973	9,222	(35.2)	26,142	35,086	(25.5)
Other	29,760	57,177	(48.0)	116,671	141,715	(17.7)
	270,003	256,550	5.2	975,805	953,139	2.4
Income (loss) before income taxes	23,359	(7,135)	*	43,909	(527)	*
Income tax provision (benefit)	9,673	(3,768)	*	17,756	324	5,380.2
Net income (loss) for the period	13,686	(3,367)	*	26,153	(851)	*
Less net income attributable to non-controlling interest, net of tax	373	333	12.0	1,092	2,762	(60.5)
Net income (loss) attributable to Oppenheimer Holdings Inc.	$13,313	($3,700)	*	$25,061	($3,613)	*
Earnings (Loss) per share attributable to Oppenheimer Holdings Inc.						
Basic	$0.99	($0.27)	*	$1.85	($0.27)	*
Diluted	$0.94	($0.27)	*	$1.77	($0.27)	*
Weighted Average Number of Common Shares Outstanding						
Basic	13,492	13,611	(0.9)	13,578	13,602	(0.2)
Diluted	14,143	13,611	3.9	14,124	13,602	3.8

* Not comparable