

OPPENHEIMER HOLDINGS INC

Form DEF 14A

March 23, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, For Use of the Commission Only
(as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Proxy Statement | |
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OPPENHEIMER HOLDINGS INC.

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

Payment of Filing Fee (Check the appropriate box):

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1. Amount previously paid:
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OPPENHEIMER HOLDINGS INC.

P.O. Box 2015, Suite 1110
20 Eglinton Avenue West
Toronto, Ontario
M4R 1K8

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders:

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting of Shareholders of OPPENHEIMER HOLDINGS INC. (the Corporation) will be held at The Toronto Board of Trade Downtown Centre, 4th Floor, 1 First Canadian Place, 77 Adelaide St. West, Toronto, Ontario, Canada on May 14, 2007, at the hour of 4:30 p.m. (Toronto time) for the following purposes:

1. To receive the 2006 Annual Report including the consolidated financial statements of the Corporation for the year ended December 31, 2006, together with the Auditors Report thereon;
2. To elect 7 Directors;
3. To appoint PricewaterhouseCoopers LLP as auditors of the Corporation and authorize the Directors to fix their remuneration;
4. To consider and, if deemed advisable, pass a resolution confirming the adoption of the Corporation s 2006 Equity Incentive Plan;
5. To consider and, if deemed advisable, pass a resolution authorizing the issue of up to 300,000 Class A non-voting shares to the Oppenheimer & Co. Inc. 401(k) Plan;
6. To consider and, if deemed advisable, pass a resolution approving the grant of an option on 10,000 Class A non-voting shares to an employee of Oppenheimer & Co. Inc; and
7. To transact such other business as is proper to such meeting or any adjournment thereof.

Holders of Class A non-voting shares of the Corporation are entitled to attend and speak at the Annual Meeting of Shareholders. Holders of Class A non-voting shares are not entitled to vote with respect to the matters referred to above.

Holders of Class B voting shares who are unable to attend the meeting in person are required to date, sign and return the enclosed form of proxy for use by holders of Class B voting shares. Reference is made to the accompanying Management Proxy Circular for details of the matters to be acted upon at the meeting and with respect to the respective voting rights of the holders of the Class A non-voting shares and the Class B voting shares.

DATED at Toronto, Ontario this 14th day of March, 2007.

(signed) A.W. OUGHTRED
Secretary

MANAGEMENT PROXY CIRCULAR

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

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OPPENHEIMER HOLDINGS INC.

MANAGEMENT PROXY CIRCULAR

(All dollar amounts expressed herein are U.S. dollars)

PART I VOTING

SOLICITATION OF PROXIES

This Management Proxy Circular (the *Circular*) is forwarded to holders of Class B voting shares (the *Class B Shares*) and Class A non-voting shares (the *Class A Shares*) of Oppenheimer Holdings Inc. (the *Corporation*) in connection with the solicitation of proxies by the management of the Corporation from the holders of the Class B Shares for use at the Annual and Special Meeting of Shareholders of the Corporation (the *Meeting*) to be held on May 14, 2007, at the hour of 4:30 p.m. (Toronto time) at The Toronto Board of Trade Downtown Centre, 4th Floor, 1 First Canadian Place, 77 Adelaide St. West, Toronto, Ontario, Canada and at any adjournments thereof for the purposes set forth in the Notice of Meeting of Shareholders (the *Notice of Meeting*) which accompanies this Circular. This Circular is dated March 14, 2007 and is first being mailed to Shareholders on or about March 28, 2007.

The record date for the determination of shareholders entitled to receive notice of the meeting is March 14, 2007. In accordance with the provisions of the *Canada Corporations Act* the Corporation will prepare a list of holders of Class B Shares (*Class B Shareholders*) as of the record date. Class B Shareholders named in the list will be entitled to vote the Class B Shares on all matters to be voted on at the Meeting except to the extent that (a) the shareholder has transferred any of the shareholder's Class B Shares after the record date and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that the transferee owns such shares and demands, not later than immediately before a vote on any matter, that the transferee's name be included in the list, in which case the transferee of the Class B Shares will be entitled to vote such shares at the Meeting.

It is planned that the solicitation will be initially by mail, but proxies may also be solicited by employees of the Corporation. The cost of such solicitation, estimated to be approximately \$25,000, will be borne by the Corporation.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Circular. Except as otherwise stated, the information contained in this Circular is given as of March 14, 2007.

The Corporation has distributed copies of its Annual Report for the year ended December 31, 2006, the Notice of Meeting, this Circular, and, in the case of Class B Shareholders, a form of proxy for use by the Class B Shareholders to intermediaries such as clearing agencies, securities dealers, banks and trust companies or their nominees for distribution to non-registered shareholders of the Corporation whose shares are held by or in the custody of such intermediaries. Intermediaries are required to forward these documents to non-registered Class B Shareholders. The solicitation of proxies from non-registered Class B Shareholders will be carried out by the intermediaries, or by the Corporation if the names and addresses of Class B Shareholders are provided by the intermediaries. The cost of such solicitation will be borne by the Corporation. Non-registered Class B Shareholders who wish to file proxies should follow the instructions of their intermediary with respect to the procedure to be followed. Generally, non-registered Class B Shareholders will either: (a) be provided with a proxy executed by the intermediary, as the registered shareholder, but otherwise uncompleted and the non-registered holder may complete the proxy and return it directly to

the Corporation's transfer agent; or (b) be provided with a request for voting instructions by the intermediary, as the registered shareholder, then the intermediary must send to the Corporation's transfer agent an executed proxy form completed in accordance with any voting instructions received by it from the non-registered holder and may not vote in the event that no instructions are received.

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CLASS A SHARES AND CLASS B SHARES

The Corporation has authorized and issued Class A Shares and Class B Shares which are equal in all respects except that holders of Class A Shares (Class A Shareholders), as such, are not entitled to vote at meetings of shareholders of the Corporation unless entitled to vote by law, pursuant to the Corporation's articles or as may be required by regulatory authorities. Class A Shareholders are not entitled to vote the Class A Shares owned or controlled by them on the matters identified in the Notice of Meeting to be voted on.

Generally, Class A Shareholders are entitled to receive notices of all meetings of shareholders of the Corporation and to attend and speak at such meetings. In addition to notices of shareholders' meetings, Class A Shareholders are entitled to receive all informational documentation sent to the Class B Shareholders of the Corporation.

Class B Shareholders are entitled to one vote for each Class B Share held at all meetings of shareholders except meetings at which only the holders of a specified class of shares other than the Class B Shares are entitled to vote.

In the event of either a take-over bid or an issuer bid (as those terms are defined in the Securities Act of Ontario) being made for the Class B Shares and no corresponding offer being made to purchase Class A Shares, the Class A Shareholders would have no right under the articles of the Corporation or under any applicable statute to require that a similar offer be made to them to purchase their Class A Shares.

APPOINTMENT AND REVOCATION OF PROXIES

The persons (the Management Nominees) named in the form of proxy provided to Class B Shareholders are directors and officers of the Corporation.

Class B Shareholders have the right to appoint persons, other than the Management Nominees, who need not be shareholders to represent them at the Meeting. To exercise this right, a Class B Shareholder may insert the name of the desired person in the blank space provided in the form of proxy accompanying this Circular or may submit another form of proxy.

Class B Shares represented by properly executed proxies will be voted by the Management Nominees on any ballot that may be called for, unless the shareholder has directed otherwise, (i) for the election of Directors (item 2 in the Notice of Meeting), (ii) for the appointment of auditors and authorizing the directors to fix the remuneration of the auditors (item 3 in the Notice of Meeting), (iii) for the approval of the Corporation's 2006 Equity Incentive Plan (item 4 in the Notice of Meeting), (iv) for the resolution authorizing the issue of Class A Shares to the Oppenheimer & Co. Inc. 401(k) Plan (item 5 in the Notice of Meeting), and (v) for the resolution confirming the grant of stock options on 10,000 Class A Shares to an employee of Oppenheimer & Co. Inc. (item 6 in the Notice of Meeting).

It is not intended to use the proxies solicited from Class B Shareholders for the purpose of voting upon the consolidated financial statements of the Corporation for the year ended December 31, 2006, or the report of the auditors thereon.

Each form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting to which the proxy relates and other matters which may properly come before the Meeting. Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if matters which are not known to the management should properly come before the Meeting, the proxies will be voted on such matters in accordance with the best judgment of the person or persons voting the

proxies.

A Class B Shareholder who has given a proxy has the power to revoke it prior to the commencement of the Meeting by depositing an instrument in writing executed by the Class B Shareholder or by the Class B Shareholder's attorney authorized in writing either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law. A Class B Shareholder who has given a proxy has the power to revoke it after the commencement of the Meeting as to any matter on which a vote has not been cast under the proxy by delivering written notice of revocation to the Chairman of the Meeting.

A Class B Shareholder who has given a proxy may also revoke it by signing a form of proxy bearing a later date and returning such proxy to the Secretary of the Corporation at the registered office of the Corporation prior to the commencement of the Meeting.

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The Consolidated Financial Statement and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2006, are included in the Annual Report, which has been mailed to shareholders with the Circular. These consolidated financial statements are also available on the Corporation's website at www.opco.com and regulatory websites at www.sedar.com or www.sec.gov (for EDGAR filings).

2. ELECTION OF DIRECTORS

The Board of Directors of the Corporation currently consists of seven directors to be elected annually. The term of office for each director is from the date of the meeting at which the director is elected until the close of the next annual meeting of shareholders or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The Nominating/Corporate Governance Committee of the Board (the "Committee") has recommended and the directors have determined that seven directors are to be elected at the Meeting. Management does not contemplate that any of the nominees named below will be unable to serve as a director, but, if such an event should occur for any reason prior to the Meeting, the Management Nominees reserve the right to vote for another nominee or nominees in their discretion. The following sets out information with respect to the proposed nominees for election as directors as recommended by the Committee, in accordance with the Nominating/Corporate Governance Committee Charter (available at www.opco.com). The Committee has reported that it is satisfied that each of the nominees (who have served on the Board for the period indicated below) is fully able and fully committed to serve the best interests of the Corporation's shareholders. The election of the directors nominated requires the affirmative vote of a simple majority of the Class B Shares voted at the meeting.

Nominees for Election to the Board of Directors

Name	Province/State, Country of Residence	Age	Positions and Offices held with the Corporation	Occupation for Previous 5 years	Year Became Director
J.L. Bitove	Florida, USA	79	Director	Retired Executive	1980
R. Crystal	New York, USA	66	Director	Partner, Thelen Reid Brown Raysman & Steiner LLP (law firm)	1992
A.G. Lowenthal	New York, USA	61	Chairman of the Board and Chief Executive Officer and Director	Chairman of the Board and Chief Executive Officer of the Corporation and Oppenheimer	1985
K.W. McArthur	Ontario, Canada	71	Lead Director	President and Chief Executive	1996

				Officer, Shurway Capital Corporation (private investment company)	
A.W. Oughtred	Ontario, Canada	64	Secretary and Director	Partner, Borden Ladner Gervais LLP (law firm)	1979
E.K. Roberts	Ontario, Canada	55	President, Treasurer and Director	President and Treasurer of the Corporation	1977
B. Winberg	Ontario, Canada	82	Director	President, Rockport Holdings Limited (real estate development)	1979

Notes:

1. There is no Executive Committee of the Board of Directors. Messrs. J.L. Bitove, K.W. McArthur and B. Winberg are members of the Audit Committee. Messrs. J.L. Bitove, K.W. McArthur, B. Winberg and R. Crystal are members of the Nominating/Corporate Governance Committee. Messrs. J.L. Bitove and B. Winberg are members of the Compensation and Stock Option Committee.

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2. A.W. Oughtred is a director of CI Financial Income Fund, the units of which are listed on the Toronto Stock Exchange.
3. (a) None of the nominees is, or has been, within 10 years of the date of this circular a director or executive officer of a corporation that:
 - (i) was the subject of a cease trade or similar order that denied the corporation access to any exemption under securities legislation for more than 30 days;
 - (ii) became bankrupt, made a proposal under bankruptcy or insolvency legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed or
- (b) None of the nominees has personally, or had a personal holding company controlled by the nominee, within 10 years before the date of this circular become bankrupt, made a proposal under bankruptcy or insolvency legislation or become subject to or instituted proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed.
- (c) None of the nominees has personally, or had a personal holding company controlled by the nominee, been subject to penalties or sanctions relating to securities legislation or entered into a settlement with a securities regulatory authority or has been, subject to any other penalties, or sanctions that would likely be considered important to a reasonable investor making an investment decision, except for Mr. Lowenthal who, with Oppenheimer, in June 2003 agreed to a stipulation of facts and consent to penalty with the NYSE resulting in a fine to Oppenheimer and Mr. Lowenthal as disclosed in the Corporation's Report on Form 10-Q for the quarterly period ended June 30, 2003.

Directors and Officers Insurance

The Corporation carries liability insurance for its directors and officers and the directors and officers of its subsidiaries. Between November 30, 2005 and November 30, 2006, the Corporation's aggregate insurance coverage was \$20 million with a \$2.5 million deductible at an aggregate annual premium of \$624,000. This coverage was renewed for a further year effective November 30, 2006 at an aggregate annual premium of \$569,000.

Under the by-laws of the Corporation, the Corporation is obligated to indemnify the directors and officers of the Corporation and its subsidiaries to the maximum extent permitted by the Canada Business Corporations Act. The Corporation has entered into indemnity agreements with each of its directors providing for such indemnities.

Director Compensation

The following table describes director compensation for the year ended December 31, 2006.

DIRECTOR COMPENSATION TABLE

**Changes
in
Pension
Value**

Name	Fees	Stock	Option	Non-Equity	and	All	Total (\$)
	or Paid				Awards		
(a)	in Cash	(c)	(d) (1)	Compensation	Deferred	Compensation	(h)
	(\$)	(\$)	(\$)	(\$)	Earnings	(\$)	
	(b)	(c)	(d) (1)	(e)	(f)	(g)	(h)
J.L. Bitove	\$ 37,500		\$ 92,525				\$ 130,025
R. Crystal	\$ 31,500		\$ 29,566				\$ 61,066
A.G. Lowenthal	\$ 32,500						\$ 32,500
K.W. McArthur	\$ 50,000		\$ 43,459				\$ 93,459
A.W. Oughtred	\$ 32,500		\$ 92,525				\$ 125,025
E.K. Roberts	\$ 32,500						\$ 32,500
B. Winberg	\$ 46,500		\$ 92,525				\$ 139,025

Notes:

1. The value of option awards represents the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2006 for the non-employee directors. Option information, as well as directors' fees paid in cash, with respect to Mr. Lowenthal and Ms. Roberts, are included in the Summary Compensation Table, below.

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In the year ending December 31, 2006, the Corporation paid directors' fees as follows:

Annual Retainer Fee	\$15,000
Board and Committee Meeting Fees	\$1,500 per meeting attended in person \$500 per meeting attended by telephone
Committee Chairs	\$5,000 per year
Lead Director	\$15,000 per year
Members of Audit Committee (other than chairman)	\$2,500 per year

In 2006, the directors were paid directors' fees of \$263,000 in the aggregate. Directors are reimbursed for travel and related expenses incurred in attending board and committee meetings. The directors who are not employees of the Corporation and its subsidiaries are also entitled to the automatic grant of stock options under the Corporation's 2006 Equity Incentive Plan pursuant to a formula set out in the Plan. Reference is made to the Table under Director Stock Options, below.

Director Stock Options

Under the Corporation's 1996 and 2006 Equity Incentive Plans, non-employee directors were and are entitled to automatic option grants of 5,000 Class A Shares for each full year of service up to a maximum of options on 25,000 Class A Shares of the Corporation in any five year period.

The following table describes non-employee director options held at December 31, 2006 as well as the grant date fair value of options granted in 2006:

Name	Grant Date	Expiry Date	Exercise Price	Number of Options Granted	Value of Unexercised Options (as at December 31, 2006)	Grant Date Fair Value of Equity Awards (\$)
J.L. Bitove	February 26, 2002	February 25, 2007	\$ 25.95	25,000	\$186,250	
R. Crystal	January 2, 2006	January 1, 2011	\$ 19.99	20,000	\$268,200	\$ 86,526
	December 31, 2006	December 31, 2011	\$ 33.40	5,000		\$ 62,173
K.W. McArthur	May 17, 2004	May 16, 2009	\$ 28.00	15,000	\$187,400	
	January 1, 2005	December 31, 2010	\$ 25.53	5,000		
	January 2, 2006	January 1, 2011	\$ 19.99	5,000		\$ 22,558
A.W. Oughtred	February 26, 2002	February 25, 2007	\$ 25.95	25,000	Nil	
B. Winberg	February 26, 2002	February 25, 2007	\$ 25.95	25,000	\$186,250	

Mr. Oughtred exercised his options in full in December 2006. The realized value of these exercised options was \$207,250.

Messrs. Bitove and Winberg exercised their options in full in January 2007. The recognized value of these options was \$191,500 for Mr. Bitove and \$183,750 for Mr. Winberg.

Pursuant to the EIP, Messrs Bitove, Oughtred and Winberg were each granted options on 25,000 Class A Shares on February 26, 2007 priced at \$35.03 which expire on February 25, 2012.

Stock options held by Mr. Lowenthal and Ms. Roberts are disclosed in Part IV Compensation and Other Matters.

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During 2006, the following numbers of board and committee meetings were held:

Board	13
Audit Committee (AC)	6
Compensation and Stock Option Committee (CC)	2
Nominating and Corporate Governance Committee (NC)	1

Summary of Attendance of Directors

Name	Board Meetings Attended	% Of Board Meetings Attended	Committee Meetings Attended	% Of Committee Meetings Attended
J.L. Bitove	11	85%	6 of 6 (AC) 2 of 2 (CC) 1 of 1 (NC)	100% 100% 100%
R. Crystal	13	100%	1 of 1 (NC)	100%
A.G. Lowenthal	13	100%	N/A	N/A
K.W. McArthur	12	92%	6 of 6 (AC) 1 of 1 (NC)	100% 100%
A.W. Oughtred	13	100%	N/A	N/A
E.K. Roberts	13	100%	N/A	N/A
B. Winberg	13	100%	6 of 6 (AC) 2 of 2 (CC) 1 of 1 (NC)	100% 100% 100%

N/A means not applicable

Director Attendance at Annual Meeting

At the last annual meeting of shareholders held on May 15, 2006, 7 of the 7 nominees for election as Director attended. It is the Corporation's policy that its Directors attend its shareholders meetings.

Director Share Ownership

Director share ownership is included under Security Ownership of Certain Beneficial Owners and Management, below.

3. APPOINTMENT OF AUDITORS

The Audit Committee has nominated PricewaterhouseCoopers LLP for reappointment as auditors of the Corporation for the 2007 fiscal year.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The following information is provided in accordance with the requirements of Item 9(e) of Schedule 14A of the United States Securities Exchange Act of 1934, as amended (the Exchange Act), Principal Accounting Fees and Services .

PricewaterhouseCoopers LLP has served as the auditors of the Corporation since 1993. PricewaterhouseCoopers LLP has advised the Corporation that neither the firm nor any of its members or associates has any direct financial interest or any material indirect financial interest in the Corporation or any of its affiliates other than as accountants.

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The fees billed to the Corporation and its subsidiaries by PricewaterhouseCoopers LLP during the years 2006 and 2005 were as follows:

	Year ended December 31,	
	2006	2005
Audit fees	\$ 1,100,000	\$ 950,000
Audit-related fees	Nil	62,500
Tax fees	8,000	7,000
All other fees	Nil	Nil
	\$ 1,108,000	\$ 1,019,500

The audit fees include the fees for the audit of the Corporation's annual consolidated financial statements for the year 2006 and the review of the quarterly financial statements included in the Forms 10-Q filed by the Corporation and the interim reports to shareholders sent to shareholders during the year. Other audit-related fees include fees for audits of the Corporation's employee benefit plans. During 2006 and 2005, the Corporation retained Ernst & Young LLP to provide tax related services to the Corporation. PricewaterhouseCoopers LLP provides tax compliance services for the Corporation in Canada. The Corporation, with the approval of the Audit Committee, has retained Plante Moran, PLLC to perform the audit of the Oppenheimer & Co. Inc. 401(K) Plan for the year ended December 31, 2006.

The Audit Committee has the sole authority and responsibility to nominate independent auditors for appointment by shareholders, and to recommend to shareholders that independent auditors be removed. The Audit Committee has nominated PricewaterhouseCoopers LLP for appointment as the Corporation's auditors by the shareholders at the Meeting.

The Audit Committee recommends and the Board approves all audit engagement fees and terms as well as approves all non-audit engagements and engagement fees provided by independent auditors. The process begins prior to the commencement of the audit. The fees described above were 100% pre-approved.

4. SHARE-BASED COMPENSATION ARRANGEMENTS

Each of the matters referred to in (a), (b) and (c) below involve the approval of the issue of Class A Shares to or for the benefit of employees of the Corporation and its subsidiaries as part of their compensation. It is a requirement of both the New York Stock Exchange (the "NYSE") and the Toronto Stock Exchange (the "TSX") that these matters be approved by the holders of the Class B Shares.

(a) 2006 Equity Incentive Plan

Class B Shareholders are being asked at the Meeting to consider and, if deemed advisable, pass the resolution set out below confirming the adoption of the Corporation's 2006 Equity Incentive Plan (the "Plan") (attached to the Circular as Schedule B) approved by the directors on December 11, 2006. The 1996 Equity Incentive Plan expired on April 19, 2006.

The grant of stock options under the Plan is a significant component of the Corporation's compensation program for the executive officers and directors of the Corporation and its subsidiaries and for certain of Oppenheimer's investment executives. The granting of stock options to key personnel is intended to align their interests with those of the Class A

and Class B Shareholders. Accordingly, the number of Class A Shares underlying existing options and reserved for future option grants as a percentage of the issued Class A and Class B Shares might be perceived as being relatively high. The Board and the Compensation and Stock Option Committee recognize this and have adopted a policy of maintaining the percentage of optioned Class A Shares plus Class A Shares reserved for future options and other stock-based awards, at any one time, to not more than 20% of the number of issued Class A and Class B Shares. The Corporation purchases and will continue to purchase Class A Shares for cancellation from time to time at prices deemed appropriate, pursuant to the Corporation's normal course issuer bid, thus offsetting, at least in part, the issue of Class A Shares under the Plan. In order to reduce the issuance of Class A Shares, the Corporation has a stock appreciation rights plan under which certain employees are granted stock appreciation rights.

As of the date of the Circular, there were options outstanding on 1,051,436 Class A Shares granted under the Corporation's 1996 Equity Incentive Plan and options on 84,103 Class A Shares granted under the Corporation's 2006

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Equity Incentive Plan, which options may not be exercised unless the Class B Shareholders approve the 2006 Equity Incentive Plan.

All terms of the 2006 Equity Incentive Plan which is attached as Schedule B are set out therein.

Accordingly, Class B shareholders are being asked to consider and, if deemed advisable, pass the following resolution:

RESOLVED THAT:

1. The resolution passed by the Board of Directors on December 11, 2006 adopting the Corporation's 2006 Equity Incentive Plan (appearing as Schedule B to the Circular) providing for the issue of up to 800,000 Class A Shares be and it is hereby confirmed.
2. The grants by the Compensation and Stock Option Committee of the Board of Directors of the Corporation of options to purchase up to 84,103 Class A Shares at the closing price of the Class A Shares on the dates of grants of the options pursuant to the 2006 Equity Incentive Plan be and they are hereby approved.
3. The proper officers and directors of the Corporation be and they are hereby authorized and directed to take all such action and execute all such documents as are necessary to implement the terms of this resolution.

To be effective this resolution must be passed by a simple majority of the votes cast by the Class B Shareholders.

(b) Issue of Class A Shares to the Oppenheimer & Co. Inc. 401(k) Plan

Oppenheimer & Co. Inc. (Oppenheimer) maintains a 401(k) Plan (the 401(k) Plan) for its employees and those of its subsidiaries in the United States, as a defined contribution retirement and profit sharing plan in accordance with the provisions of the United States Internal Revenue Code. Employees are eligible to participate on the completion of one year of employment. Oppenheimer and its eligible employees make contributions to the 401(k) Plan which is administered by a Trustee. Amounts of contributions are limited by the 401(k) Plan. Participants in the 401(k) Plan are entitled to the direct investment of the funds in the 401(k) Plan held for their accounts from a selection of investments designated by Oppenheimer including Class A Shares issued from treasury. Prior to year-end the Board conditionally issues Class A Shares to the 401(k) Plan at the closing price on the NYSE on the date of conditional issue. At the end of the year, participants select their investments and, where Class A Shares are selected, the Corporation issues Class A Shares to the 401(k) Plan at the price set as at the date of conditional issue.

Annual contributions to the 401(k) Plan vest depending on the years of service of the employee. Distributions under the 401(k) Plan are made on termination of employment, or retirement, or death and in certain other instances prescribed in the 401(k) Plan including financial hardship.

On May 9, 2005, the Class A and Class B Shareholders authorized the issue of an additional 180,000 Class A Shares to the 401(k) Plan (totalling 380,000 Class A Shares authorized since May 12, 2003). Since then, 339,323 Class A Shares have been issued to the 401(k) Plan and it is anticipated that a further 300,000 Class A Shares will be required for the 401(k) Plan for the next several years.

Accordingly, Class B Shareholders are being asked to consider and, if deemed advisable, pass a resolution authorizing the issue, from time to time, of up to an additional 300,000 Class A Shares to the 401(k) Plan at the closing NYSE price on the dates of conditional issue.

RESOLVED THAT:

1. The issue by the Board of Directors of the Corporation, from time to time, of up to an aggregate of 300,000 Class A non-voting shares of the Corporation to the Oppenheimer & Co. Inc. 401(k) Plan at the closing price per share on the New York Stock Exchange of the Class A non-voting shares on the date of issue be and they are hereby authorized.
2. The proper officers and directors of the Corporation be and they are hereby authorized and directed to take all such action and execute all such documents as are necessary to implement the terms of this resolution.

To be effective this resolution must be passed by a simple majority of the votes cast by the Class B shareholders.

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(c) April 27, 2006 Option Award

On April 27, 2006, the Board of Directors approved the grant of a stock option on 10,000 Class A Shares to an employee of Oppenheimer as an inducement for employment priced at the closing price on the NYSE for the Class A Shares on that date of \$26.50 per share. The option vests as to 25% on April 27, 2008 with further 25% vested increments on April 27, 2009, April 27, 2010 and October 27, 2010 and expires on April 26, 2011. The option was granted after the expiration of the 1996 Equity Incentive Plan consistent with the terms and conditions of the 1996 Equity Incentive Plan.

Accordingly, Class B Shareholders are being asked to consider and, if deemed advisable, pass a resolution approving the grant of a stock option on 10,000 Class A Shares to an employee of the Oppenheimer, consistent with the terms and conditions described in the 1996 Equity Incentive Plan.

RESOLVED THAT:

1. The resolution passed by the Board of Directors on April 27, 2006 granting a stock option on 10,000 Class A non-voting shares of the Corporation to an employee of Oppenheimer & Co. Inc. priced at the closing price on the New York Stock Exchange on April 27, 2006 of the Class A non-voting shares of the Corporation (subsequently determined to be \$26.50 per share) be and it is hereby approved.
2. The proper officers and directors of the Corporation be and they are hereby authorized and directed to take all such action and execute all such documents as are necessary to implement the terms of this resolution.

To be effective this resolution must be passed by a simple majority of the votes cast by the Class B shareholders.

5. OTHER MATTERS

None

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PART III CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Class A Shares are listed on the TSX and the NYSE. Accordingly, the Corporation is subject to the corporate governance and disclosure requirements of the Canadian securities administrators (the CSA), the corporate governance listing standards of the NYSE, applicable rules of the United States Securities and Exchange Commission (SEC), and provisions of the Sarbanes-Oxley Act of 2002 (SOX).

The Corporation's Nominating/Corporate Governance Committee and its Board continue to monitor regulatory changes and best practices in corporate governance and consider amendments to its practices and policies as appropriate. Attached as Schedule A is the Corporation's Statement of Corporate Governance Practices.

The Corporation's Statement of Corporate Governance Practices, Code of Conduct and Committee Charters, as well as its Code of Ethics and Business Ethics for Directors, Officers and Employees and its Whistleblower Policy, are posted on the Corporation's website at www.opco.com. These documents can also be requested by writing to the Corporation at its head office or by making an email request to investorrelations@opy.ca.

REPORT OF THE AUDIT COMMITTEE

As required by the Corporation's Audit Committee Charter, the Audit Committee reports as follows.

The Audit Committee of the Board oversees the Corporation's financial reporting process on behalf of the Board. It meets with management and the Corporation's internal audit group and independent auditors regularly and reports the results of its activities to the Board. In this connection, the Audit Committee has done with respect to fiscal 2006 the following:

Reviewed and discussed with the Corporation's management and PricewaterhouseCoopers LLP, the Corporation's unaudited quarterly reports on Form 10-Q and quarterly reports to shareholders for the first three quarters of the year;

Reviewed and discussed the Corporation's audited financial statements and report on Form 10-K for the fiscal year ended December 31, 2006 with the Corporation's management and PricewaterhouseCoopers LLP;

Reviewed and discussed with Oppenheimer's Internal Auditors their program for the year and their testing of internal controls in accordance with section 404 of the Sarbanes-Oxley Act of 2002;

Discussed with PricewaterhouseCoopers LLP the matters required to be discussed by SAS 61 (American Institute of Certified Public Accountants Codification of Statements on Auditing Standards), as amended;

Received written disclosure regarding independence from PricewaterhouseCoopers LLP as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committee) and discussed with PricewaterhouseCoopers LLP its independence; and

Discussed with management and with PricewaterhouseCoopers LLP the documentation and testing of the Corporation's internal accounting controls in accordance with the requirements of section 404 of the Sarbanes-Oxley Act of 2002.

Based on the foregoing, the Audit Committee recommended to the Board that the Corporation's audited financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations be approved and included in the Corporation's Annual Report on Form 10-K and Annual Report to Shareholders for the year ended December 31, 2006.

Members of the Audit Committee

Burton Winberg Chairman
John L. Bitove
Kenneth W. McArthur

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Audit Committee Financial Expert

The Board of Directors has determined that the Audit Committee includes one financial expert and that Mr. K.W. McArthur, the financial expert, is independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act. Mr. McArthur is a member of the Institute of Chartered Accountants of British Columbia.

REPORT OF THE NOMINATING/CORPORATE GOVERNANCE COMMITTEE

As required by the Nominating/Corporate Governance Committee's Charter, the Nominating/Corporate Governance Committee reports as follows:

The Nominating/Corporate Governance Committee is responsible for maintaining and developing governance principles consistent with high standards of corporate governance.

The Nominating/Corporate Governance Committee assessed the composition and size of the Board and recommended the nominees to stand for election as directors at the annual meeting of shareholders, as well as the committee members and Chairs for the year. In addition, it assessed director compensation practices of comparable companies and made recommendations to the Board.

The Nominating/Corporate Governance Committee determined that Messrs. Bitove, Crystal, McArthur and Winberg are independent in accordance with the Corporation's independence standards. In addition, the Nominating/Corporate Governance Committee monitored director attendance at Board and Committee meetings and determined that all directors attended at least 85% of meetings and that such attendance meets acceptable standards.

The Nominating/Corporate Governance Committee supervised the Board's annual review of the Corporation's Corporate Governance Guidelines.

Members of the Nominating/Corporate Governance Committee

Kenneth W. McArthur Chairman
John L. Bitove
Richard Crystal
Burton Winberg

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PART IV COMPENSATION AND OTHER MATTERS

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following Compensation Discussion and Analysis is provided as required by Item 402 Executive Compensation of Regulation S-K under the Exchange Act. It describes the material elements of compensation for the Corporation's named executive officers identified in the Summary Compensation Table (the "Named Executives"). The Compensation and Stock Option Committee of the Board (the "Compensation Committee") makes all decisions for the total direct compensation (that is, the base salary, bonus awards, stock options and stock awards) of the Corporation's executive officers, including the Named Executives. The Compensation Committee's recommendations for the total direct compensation of the Corporation's Chief Executive Officer (the "CEO") are subject, in part, to the Performance-Based Compensation Agreement, Amended and Restated March 15, 2005, which was included as Schedule E in the Corporation's Proxy Circular dated March 24, 2005 and which received shareholder approval on May 9, 2005 (the "Performance-Based Compensation Agreement").

The day-to-day design and administration of health benefits, the deferred compensation plans and the 401(k) plan and other employee benefits plans and policies applicable to salaried U.S.-based employees in general are handled by Oppenheimer's Human Resources, Finance and Legal Department employees. The Compensation Committee remains responsible for certain fundamental changes outside the day-to-day requirements necessary to maintain these plans and policies.

The Corporation has adopted a Compensation and Stock Option Committee Charter which is posted on the Corporation's website www.opco.com. The processes and procedures of the Compensation Committee are discussed below as is the role of the Compensation Committee in dealing with the Chief Executive Officer's compensation and the compensation of other Named Executives. Under its Charter, the Compensation Committee is required to discharge the Board's responsibilities relating to compensation of the Corporation's senior executive officers and to report thereon to shareholders in the Corporation's Annual Management Proxy Circular. The Compensation Committee relies on recommendations from the Chief Executive Officer with respect to the compensation of Named Executives other than the Chief Executive Officer.

For the purposes of determining 2006 executive compensation, the Compensation Committee did not retain compensation consultants although it is open to the Compensation Committee to retain compensation consultants when deemed necessary.

Objectives and Policies

The Committee's objective is to provide a competitive compensation program with appropriate incentives for superior performance, thereby providing a strong and direct link between corporate and individual performance and compensation. The Corporation's compensation policy with respect to its named executives has the following stated objectives:

recruit, motivate, reward and retain the high performing executive talent required to create superior long-term total shareholder returns in comparison to its peer group;

reward executives for short-term performance as well as the growth in enterprise value over the long-term;

provide a competitive package relative to industry-specific and general industry comparisons and internal pay equity, as appropriate; and

ensure effective utilization and development of talent by working in concert with other management processes for example, performance appraisal, succession planning and management development.

The Corporation's compensation program for senior executive officers, including the Named Executives, consists of the following key elements: a base salary, an annual bonus, grants of stock options and, in the case of the CEO, the Performance-Based Compensation Agreement.

In arriving at its recommendations concerning the specific components of the Corporation's compensation program, the Compensation Committee considers certain public information about the compensation paid by a group of

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comparable public Canadian and U.S. broker-dealers and the relative performance of the Corporation as measured by net income levels and earnings per share, among other factors. The goal of the Compensation Committee is to provide the compensation structure to enable the Corporation to retain and reward the executive officers that it believes are critical to its long-term success. The Compensation Committee also structures compensation to ensure that a portion of its named executives' compensation is directly related to its share performance and other factors that directly and indirectly influence shareholder value.

The Compensation Committee believes incentive compensation (annual bonus and to a lesser extent, share-based awards) should comprise between 65% to 95% of total compensation for the named executives because:

these executive officers are in positions to influence corporate direction;

his/her compensation is at risk in proportion to financial results that warrant such payments;

tying the majority of total compensation to incentive payments helps ensure focus on the Corporation's goals; and

the volatile nature of the Corporation's market-driven business should be reflected in compensation.

Generally, the Compensation Committee's approach has been to approve total compensation including annual bonuses for the Corporation's Named Executives. The Compensation Committee does not necessarily grant share-based awards on an annual basis to employees, including the Named Executives, but considers the number of outstanding share-based awards already awarded to the employee when determining total compensation in any year. Upon the expiration of an employee's share-based awards, the Compensation Committee makes the determination whether or not to grant new awards and on what terms. All share-based awards are priced at grant date fair value. The Compensation Committee believes that, as shareholders, the Named Executives will be motivated to consistently deliver financial results that build wealth for all shareholders over the long-term. However, with the adoption of Statement of Financial Accounting Standards (SFAS) 123(R), Share-Based Payment, on January 1, 2006, the Corporation is required to expense stock options. During 2006, the Corporation granted only a very limited number of stock options and none to the Named Executives. The Compensation Committee is cognizant of the impact of SFAS 123(R) on the Corporation's financial results and will strive to balance the granting of stock options and stock awards with the other objectives of executive compensation set forth above.

The Compensation Committee believes that this approach best serves the interests of shareholders by enabling the Corporation to structure compensation in a way that meets the requirements of the highly competitive environment in which the Corporation operates, while ensuring that senior executive officers are compensated in a manner that advances both the short and long-term interests of shareholders.

Compensation for the Corporation's senior executive officers, except the CEO, involves a significant component of remuneration which is contingent on the performance of both the Corporation and the senior executive officer: the annual bonus (which permits individual performance to be recognized on an annual basis, and which is based, in significant part, on an evaluation of the contribution made by the officer to corporate performance) and stock options (which directly relate a portion of compensation to stock price appreciation realized by the Corporation's shareholders).

Determination of 2006 compensation

The Compensation Committee, with recommendations from the CEO, determined all compensation for each Named Executive, except the CEO, for 2006. See discussion of CEO compensation below.

The Compensation Committee determines the Named Executives' annual salaries, annual bonus and share-based awards by reference to the executive's position, responsibilities and performance. Some of the factors considered by the Compensation Committee are:

the position's responsibilities relative to the Corporation's total earnings, use of invested capital, and the stable generation of earnings and cash flows, and

the position's impact on key strategic initiatives.

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The CEO assessed each Named Executive's performance under the performance assessment program, and the Compensation Committee assessed the CEO's performance. The Corporation's performance assessment program rates performance in different competencies, as follows:

strategic thinking,

integrity,

managing employee performance and morale,

financial responsibility,

achievement focus,

business judgment,

planning & organization,

leadership,

mentoring,

relationship building,

compliance with regulatory requirements and company policies,

profitability of business unit, if applicable,
conflict resolution, and

communications.

Base Salary. Salaries paid to senior executive officers (other than the Chief Executive Officer) are reviewed annually by the Compensation Committee considering recommendations made by the Chief Executive Officer to the Compensation Committee, based upon the Chief Executive Officer'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 Corporation's industry. The Compensation Committee then makes recommendations to the Board with respect to base salaries.

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

Stock Option Grants. Under the Corporation's 1996 Equity Incentive Plan and 2006 Equity Incentive Plan (together the "EIP"), senior executive officers and employees of the Corporation and its subsidiaries were and may be granted

stock options by the Compensation Committee based upon a variety of considerations, including the date of the last grant made to the officer or employee, as well as considerations relating to the contribution and performance of the specific optionee.

No Backdating or Spring Loading: The Corporation does not backdate options or grant options retroactively. In addition, it does not plan to coordinate grants of options so that they are made before announcement of favorable information, or after announcement of unfavorable information. The Corporation's options are granted at fair market value on a fixed date or event (such as the first regular meeting of the Board of Directors following an employee's hire), with all required approvals obtained in advance of or on the actual grant date. All grants require the approval of the Compensation Committee and confirmation by the Board.

Fair Market Value: Fair market value has been consistently determined, as required by the EIP, as the closing price on the New York Stock Exchange (NYSE) on the grant date. In order to ensure that an exercise price fairly reflects all material information without regard to whether the information seems positive or negative every grant of options is contingent upon an assurance by the Corporation's General Counsel that the Corporation is not in possession of material

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non-public information. If the Corporation is in possession of such information, grants or the determination of a stock option exercise price are suspended until the second business day after public dissemination of the information.

Stock Awards. Under the Corporation's Employee Share Plan (the "ESP"), executive officers and employees of the Corporation and its subsidiaries (other than the Chief Executive Officer) are granted stock awards by the Compensation Committee based upon the recommendations of the Chief Executive Officer and based upon a variety of considerations, relating to the contribution and performance of the specific awardee. A limited number of senior executives and employees, including Mr. Okin, are offered the opportunity to elect to receive up to 25% of their year-end bonus in Class A Shares. Under the terms of this offer, the employee elects with respect to his/her year-end bonus at the end of the preceding fiscal year and may elect to purchase the Class A Shares at fair market value on the date (within the first week of January) in the following fiscal year, determined by the Compensation Committee).

Executive Deferred Compensation Plan. The Executive Deferred Compensation Plan ("EDCP") was established with a dual purpose. The EDCP, together with its sister plan, the Deferred Incentive Plan ("DIP"), is maintained to offer certain high-performing financial advisors bonuses requiring a mandatory deferral subject to vesting provisions. Further description of the EDCP and the DIP can be found in note 12 to the Corporation's consolidated financial statements for the year ended December 31, 2006. The EDCP also provides for voluntary deferral of year-end bonuses by its senior executives. These voluntary deferrals are not subject to vesting. The Company does not make contributions to the EDCP for the Named Executives and other senior level executives. Mr. Lowenthal has made voluntary deferrals into the EDCP.

Benefits. As salaried, U.S.-based employees, the Named Executives participate in a variety of benefits designed to enable the Corporation to attract and retain its workforce in a competitive marketplace. Health and welfare benefits help ensure that the Corporation has a productive and focused workforce through reliable and competitive health and other benefits. Deferred compensation and 401(k) plans help employees, especially long-service employees, save and prepare financially for retirement. The Named Executives receive the same benefits as all full time employees. Oppenheimer's qualified 401(k) Plan allowed employees to contribute up to \$15,000 for 2006 (\$15,500 for 2007) plus an additional \$5000 for employees over age 50. Employees may continue to retain their 401(k) Plan account after they leave Oppenheimer so long as their account balance is \$5000 or more. At age 70.5, minimum distributions must begin.

Perquisites. The Named Executive Officers, along with other senior management employees, are provided a limited number of perquisites whose primary purpose is the Corporation's desire to minimize distractions from the executives' attention to important corporate initiatives. An item is not a perquisite if it is integrally and directly related to the performance of the executive's duties. An item that is not integrally and directly related to the performance of the executive's duties is a perquisite if it confers a direct or indirect benefit that has a personal aspect, without regard to whether it may be provided for some business reason or for the convenience of the Corporation, unless it is generally available on a non-discriminatory basis to all employees.

The Corporation provides the following, all of which are quantified in the Summary Compensation Table, below and detailed in the All Other Compensation table, below.

Award trips There are two annual Award Trips for Oppenheimer's highest producing financial advisors and their spouses. The Chairman's Council Trip rewards the 40 highest producers and the Executive Council Trip rewards the next 40 highest producers. Messrs. Lowenthal, Okin and Neuhoff host these trips, along with their spouses. The value of the perquisites with respect to spousal travel is included in the Summary Compensation Table, below.

Parking Messrs. Lowenthal, Okin and Ms. Roberts have company-paid parking arrangements. This benefit is included in the Summary Compensation Table, below.

Relocation costs Mr. Alfano, who joined Oppenheimer on April 3, 2006, was provided with a relocation cost allowance. This benefit is included in the Summary Compensation Table, below.

The Corporation does not provide the Named Executives with any other perquisites such as split-dollar life insurance, reimbursement for legal counseling for personal matters, or tax reimbursement payments. The Corporation does not provide loans to executive officers, other than margin loans in margin accounts with Oppenheimer in connection with the purchase of securities (including securities of the Company) which margin accounts are substantially on the same terms, including interest rates and collateral, as those prevailing from time to time for comparable transactions with non-affiliated persons and do not involve more than the normal risk of collectibility.

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Separation and Change in Control Arrangements The Named Executive Officers are not eligible for benefits and payments if employment terminates in a separation or if there is a change in control, except for Mr. Alfano as described in note 2 to the Summary Compensation Table, below.

The Corporation does not sponsor a pension plan for its employees.

Chief Executive Officer Compensation

Mr. A.G. Lowenthal, the Chairman of the Board and the Chief Executive Officer of the Corporation and Oppenheimer, is paid a base salary set by the Compensation Committee, plus performance-based compensation under the Performance-Based Compensation Agreement and, at the discretion of the Committee, is eligible for bonuses and grants of stock options.

On March 15, 2005, the Corporation and Mr. A.G. Lowenthal entered into the Performance-Based Compensation Agreement. The purpose of the Performance-Based Compensation Agreement is to set the terms under which Mr. Lowenthal's annual performance-based compensation is to be calculated during the term thereof.

In March of 2006, the Committee established performance goals under the Performance-Based Compensation Agreement entitling Mr. Lowenthal to a Performance Award under the Performance-Based Compensation Agreement for the year 2006 of an aggregate of up to \$5 million (the maximum bonus available in a single year) determined by the application of a formula based on the following components: (i) the amount by which the closing price of one Class A Share at January 1, 2006, exceeded the closing price of one Class A Share as at December 31, 2003 multiplied by 200,000 shares; (ii) 5% of the amount by which the Corporation's adjusted consolidated profit before income taxes for the year ended December 31, 2006 exceeded 10% of the amount of the Corporation's consolidated shareholders' equity as at December 31, 2005; and (iii) 2.5% of pre tax profit up to \$10,000,000, 4% of pre tax profit in excess of \$10,000,000 up to \$40,000,000, and 5% of pre tax profit over \$40,000,000. The application of the 2006 formula as set out above produced a bonus of \$5 million for fiscal 2006. Mr. Lowenthal declined to accept his bonus in full. Mr. Lowenthal's bonus is included in the Summary Compensation Table, below. In March of 2006, the Committee set Mr. Lowenthal's base salary for 2006 at \$500,000.

U.S. Internal Revenue Code Section 162(m)

The Corporation is a Canadian taxpayer. However, because Oppenheimer is a U.S. taxpayer, most compensation issues are affected by the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Tax Code").

Section 162(m) of the U.S. Tax Code generally disallows a tax deduction to public corporations for annual compensation of over \$1,000,000 paid to any of the Corporation's chief executive officer and four other most highly paid executive officers (determined as of the end of each fiscal year) unless such compensation constitutes qualified performance-based compensation.

The Performance-Based Compensation Agreement was adopted and approved by the Class B Shareholders so that it would satisfy the requirements for performance-based compensation.

To the extent consistent with the Corporation's general compensation objectives, the Committee considers the potential effect of Section 162(m) on compensation paid to the executive officers of the Corporation and its subsidiaries. However, the Committee reserves the right to award and recommend the awarding of non-deductible compensation in any circumstances it deems appropriate. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding the

Corporation's efforts to qualify, that the compensation paid by the Corporation to its executive officers will in fact satisfy the requirements for the exemption from the Section 162(m) deduction limit.

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REPORT OF THE COMPENSATION AND STOCK OPTION COMMITTEE

The Compensation and Stock Option Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion and Analysis with the Company's management. Based on the review and discussions, the Compensation and Stock Options Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in these Proxy Materials.

Members of the Compensation and Stock Option Committee

Burton Winberg Chairman
John L. Bitove

Table of Contents**Summary Compensation Table****For the Year Ended December 31, 2006**

The following table sets forth the total annual compensation paid or accrued by the Corporation to or for the account of the Corporation's chief executive officer (CEO), its chief financial officer (CFO) and the next three most highly paid executive officers of the Corporation and its subsidiaries, Oppenheimer and Oppenheimer Asset Management Inc. (OAM), the Corporation's principal operating subsidiaries, other than the CEO and CFO, whose total cash compensation for the year ended December 31, 2006 exceeded \$100,000.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Change in Pension Value and Nonqualified Non-Equity Incentive Plan			Total
						Deferred Compensation (\$) (h)	All Other Compensation (\$)	Other Compensation (\$)	
(a)	(b)	(c)	(d) (1)	(e) (2)	(f) (2)	(g) (1)	(3)	(i) (4)	(j)
Lowenthal Chairman, CEO, and Director of the Corporation and Chairman of Oppenheimer	2006	\$ 500,000			\$ 664,057	\$ 3,950,000		\$ 42,099	\$ 5,156,156
Roberts Vice President, Treasurer, CFO and Director of the Corporation and Chairman of a Director of Oppenheimer	2006	\$ 200,000	\$ 400,000		\$ 192,510			\$ 34,100	\$ 826,610
DiStasio Vice President of Oppenheimer	2006	\$ 206,250	\$ 225,000	\$ 87,658	\$ 8,706			\$ 160,749	\$ 687,363
Wright Vice President of Oppenheimer	2006	\$ 200,000	\$ 1,200,000	\$ 6,932	\$ 139,262			\$ 11,091	\$ 1,547,285
Johnson Chairman of OAM	2006	\$ 200,000	\$ 1,200,000		\$ 57,665				\$ 1,457,665

Notes:

- The Bonus amounts are not reduced by the Named Executive's election, if any, to defer receipt of bonuses into the EDCP or, in the case of Mr. Okin, an election to convert a portion of his bonus into the purchase of Class A

Shares.

2. The values of stock options (granted under the EIP) and stock awards (granted under the ESP) represents the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2006 based on grant date fair value. The underlying assumptions and methodology are described in note 12 to the Corporation's consolidated financial statements for the year ended December 31, 2006.

With respect to fiscal 2006, in lieu of taking his full year-end bonus in cash, Mr. Okin elected to purchase 5,264 Class A Shares priced at \$33.24 per share. The price per share was the closing price of the Class A Shares on the NYSE for the January 5, 2007 grant date. In connection with his election to purchase Class A Shares with a portion of his year-end cash bonus, Mr. Okin was granted a restricted stock award under the ESP on January 5, 2007 for 790 restricted shares, subject to a three-year service requirement which cliff-vests on January 15, 2010. In addition, on January 3, 2006, Mr. Okin received 22,222 Class A Shares awarded on January 3, 2003 in connection with his initial employment by the Corporation. The value of these 22,222 Class A Shares on receipt was determined to be \$19.71 per share or \$437,996 in aggregate. In connection with the terms of his employment, Mr. Alfano was awarded 25,000 restricted shares under the ESP which is subject to a five-year service requirement and which cliff-vests on April 26, 2011. In addition, on April 27, 2006, Mr. Alfano was granted an option on 10,000 Class A Shares which vests as follows: 25% on April 27, 2008; 25% on April 27, 2009; 25% on April 27, 2010; 25% on October 27, 2010 and expires on April 26, 2011. Mr. Alfano's stock option and restricted shares immediately vest upon a change of control of more than 50% of the Class B voting shares of the Corporation or the sale of Oppenheimer. In addition, subject to his continued employment with Oppenheimer, Mr. Alfano is entitled to receive deferred bonuses of \$37,500 on December 31, 2007 and December 31, 2008 which would be accelerated upon a change of control of more than 50% of the Class B voting shares of the Corporation or the sale of Oppenheimer. The intrinsic value of Mr. Alfano's option and restricted share awards and the acceleration of his deferred bonuses assuming a change of control or the sale of Oppenheimer on December 31, 2006 is \$979,000.

3. Oppenheimer offers a non-qualified deferred compensation plan into which senior executives, including the U.S. Named Executives, may elect to defer some or all of their year-end bonuses. No above-market earnings were recorded. Details about the earnings from the EDCP appear below in the Nonqualified Deferred Compensation Table.

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4. See the chart below All Other Compensation for a description of the amounts appearing in column (i). All Other Compensation includes perquisites and directors fees.

All Other Compensation Table**For the Year Ended December 31, 2006**

	Directors fees (a)	Parking (1) (c)	Reward trips for top producers (2) (d)	Relocation Costs (3)	Total (e)
A.G. Lowenthal	\$ 32,500	\$ 5,400	\$ 4,199		\$ 42,099
E.K. Roberts	\$ 32,500	\$ 1,600			\$ 34,100
J.J. Alfano				\$ 160,749	\$ 160,749
R. Okin		\$ 5,400	\$ 5,691		\$ 11,091
T. Robinson					

Notes:

1. Oppenheimer has three parking spaces at 125 Broad Street, New York, which are included in the terms of the lease for the head-office premises. Mr. Lowenthal and Mr. Okin use two of these spaces. The aggregate incremental cost ascribed to the parking spaces reflects current commercial terms. Ms. Roberts is provided with a parking space at 20 Eglinton Avenue West, Toronto.
2. Oppenheimer rewards its top producers with award trips each year. Messrs. Lowenthal, Okin and Neuhoff and their spouses host these trips. The aggregate incremental cost attributed to the attendance by the spouses is included above and includes transportation, meals and other incidentals.
3. Mr. Alfano joined Oppenheimer on April 3, 2006. The Corporation reimbursed Mr. Alfano for moving and relocation costs incurred, including, among other things, transportation of household effects to the New York area, exploratory trips to the New York area to secure accommodation, and temporary housing in the New York area.

Grants of Plan-Based Awards Table**For the Year Ended December 31, 2006**

All Other Stock Awards: Number of	All Other Option Awards: Number of Securities	Exercise or Base Price	Grant Date Fair Value of
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Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Shares of Stock or Units	Underlying Options	of Options Awards (\$/Sh)	Equity Awards (\$)
		Threshold	Budget	Maximum	Threshold	Budget	Maximum				
(a)	(b) (1)	(c)	(d)	(e)	(f)	(g)	(h)	(i) (1)	(j)	(k) (1)	(l)
A.G. Lowenthal				\$ 5,000,000							
E.K. Roberts											
J.J. Alfano	4/27/06								10,000	\$ 26.50	\$ 65,900
J.J. Alfano	4/27/06							25,000		\$ 26.50	\$ 584,400
R. Okin	1/6/06							650		\$ 20.10	\$ 11,712
T. Robinson											

Notes:

- (1) Mr. Okin was awarded 650 restricted shares under the ESP which cliff vest on 1/15/2009, subject to service requirements. These restricted shares are tied to the election Mr. Okin made with respect to his 2005 year-end bonus and are priced at grant date fair value, being the closing price of the Class A Shares on the NYSE on 1/6/06. See note 2 to the Summary Compensation Table, above. Mr. Alfano was awarded 25,000 restricted shares under the ESP and an option on 10,000 Class A Shares, as described in note 2 to the Summary Compensation Table, above.

Table of Contents**Outstanding Equity Awards Table**

As At December 31, 2006

Name	Option Awards Equity Incentive Plan Awards:					Stock Awards Equity Incentive Plan Awards:				
	Number of Securities Underlying Unexercised Options (#) (b)	Number of Securities Underlying Unexercised Options (#) (c)	Number of Securities Underlying Unexercised Options (#) (d)	Exercise Price (\$) (e)	Option Expiration Date (f)	Stock Awards (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h) (1)	Number or Shares, Units or Rights That Have Not Vested (#) (i)	Market Value of Payout or Unearned Shares, Units or Rights That Have Not Vested (\$) (j)	
A.G. Lowenthal	75,000	75,000		\$ 24.31	1/23/08					
	37,500	112,500		\$ 33.00	2/25/09					
E.K. Roberts	5,000	5,000		\$ 24.31	1/23/08					
	18,750	56,250		\$ 33.00	2/25/09					
J.J. Alfano		10,000		\$ 26.50	4/26/11					
J.J. Alfano						25,000	\$ 835,000			
R. Okin	12,500	12,500		\$ 22.75	4/23/08					
R. Okin	12,500	12,500		\$ 26.34	7/23/08					
R. Okin	6,250	18,750		\$ 33.00	2/25/09					
R. Okin						496	\$ 16,566			
R. Okin						650	\$ 21,710			
T. Robinson	5,000	5,000		\$ 26.34	7/23/08					
	3,750	11,250		\$ 33.00	2/25/09					
		5,000		\$ 23.31	2/24/10					

Notes:

The market value is based on the closing price of the Class A Shares on the NYSE on 12/29/06 of \$33.40. On April 27, 2006, Mr. Alfano was granted a restricted share award under the ESP in the amount of 25,000 Class A

Shares that cliff-vests on April 26, 2011. On January 5, 2007, Mr. Okin was granted a restricted share award under the ESP in the amount of 470 Class A Shares with respect to his bonus election for fiscal 2006. Mr. Okin's award cliff-vests on January 15, 2010. See note 2 to the Summary Compensation Table, above.

Options Exercised and Stock Vested Table

For the Year Ended December 31, 2006

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)
(a)	(b)	(c)	(d)	(e)
A.G. Lowenthal				
E.K. Roberts				
J. Alfano				
R. Okin			22,222	\$ 437,996
T. Robinson				

None of the Named Executives exercised stock options or stock awards during 2006. Messrs. Okin and Alfano are the only Named Executives with restricted stock awards. See note 2 to the Summary Compensation Table, above.

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**Nonqualified Deferred Compensation Table
For the Year End December 31, 2006**

Name	Executive Contributions in 2006 (\$)	Registrant Contributions in 2006 (\$)	Aggregate Earnings in 2006 (\$)	Aggregate Balance at 12/31/06 (\$)
(a)	(b) (1)	(c)	(d) (2)	(e) (2)
A. G. Lowenthal	\$ 1,380,000		\$ 575,108	\$ 5,697,161
E. K. Roberts				
J. J. Alfano				
R. Okin				
T. Robinson				

Notes:

- Executive Contributions in 2006 in column (b) shows amounts that were also reported in the Bonus category in column (d) of the Summary Compensation Table, above.
- The Company does not make contributions to the EDCP with respect to the voluntary deferrals. The aggregate balances shown in column e of the table above represent amounts that the Named Executives earned as year-end bonuses but elected to defer, plus earnings (or losses). Such earnings (or losses) for fiscal 2006 are reflected in column d of the table. Account balances may be invested in phantom investments selected by the Named Executives from a menu of deemed investment choices. Participants may change their deemed investment choices quarterly. When participants elect to defer amounts into the EDCP, they also elect when the amounts will ultimately be paid out to them. Distributions may either be made in a specific future year or at a time that begins after retirement. In accordance with Section 409 A of the Internal Revenue Code, in general distribution schedules cannot be accelerated (other than for hardship) and to delay distribution, the participant must make such an election at least one year before distribution would otherwise have commenced and the new distribution must be delayed a minimum of five years after distribution would have initially begun.

Table of Contents**SHARE PERFORMANCE GRAPH**

The following graph shows changes over the past five year period of U.S. \$100 invested in (1) the Company's Class A Shares, (2) the Standard & Poors 500 Index, and (3) the Standard & Poors / Toronto Stock Exchange Composite Index.

	2001	2002	2003	2004	2005	2006
Oppenheimer	100	90	136	76	80	169
S&P 500	100	77	126	109	103	114
S&P / TSX Composite	100	86	124	112	122	115

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The authorized capital of the Corporation includes 99,680 Class B Shares all of which are issued and outstanding and may be voted at the Meeting and an unlimited number of Class A Shares of which 13,078,699 Class A Shares were outstanding as at March 14, 2007.

The following table sets forth certain information regarding the beneficial ownership of each class of shares of the Corporation as at March 14, 2007, with respect to (i) each person known by the Corporation to beneficially own, or exercise control or discretion over, more than 5% of any class of the Corporation's shares, (ii) each of the Corporation's

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directors, (iii) each of the Corporation's executive officers named in the Summary Compensation Table set forth herein and (iv) the directors and executive officers as a group.

For purposes of the table, beneficial ownership is determined pursuant to Rule 13d-3 of the Exchange Act, pursuant to which a person or group of persons is deemed to have beneficial ownership of shares which such person or group has the right to acquire within 60 days after March 14, 2007. The percentage of shares deemed outstanding is based on 13,078,699 Class A Shares and 99,680 Class B Shares outstanding as of March 14, 2007. In addition, for purposes of computing the percentage of Class A Shares owned by each person, the percentage includes all Class A Shares issuable upon the exercise of outstanding options held by such persons within 60 days after March 14, 2007.

There are no outstanding rights to acquire beneficial ownership of any Class B Shares.

Mr. A.G. Lowenthal and Mrs. Olga Roberts have advised the Corporation that they intend to vote all of the Class B Shares owned and controlled by them for the matters referred to in the Notice of Meeting to be voted on at the Meeting.

Name of Beneficial Owner	Class A Shares		Class B Shares	
	Shares	%	Shares	%
Private Capital Management, L.P. (as at February 14, 2007)	2,507,096	19.7%		
Howson Tattersall Investment Counsel Ltd. (as at February 28, 2007)	1,273,400	9.7%		
Olga Roberts (1)	324,955	2.5%	44,309	44.4%
Executive Officers and Directors				
Albert G. Lowenthal (2)	2,860,069	21.9%	50,975	51%
J.J. Alfano			6	*
J.L. Bitove (3)	25,580	3.3%	20	*
R. Crystal (4)	4,100	*		
K.W. McArthur (5)	52,750	*		
R. Okin (6)	48,053	*		
A.W. Oughtred (7)	6,800	*		
E.K. Roberts (8)	202,344	1.5%	220	*
T. Robinson (9)	8,750	*		
B. Winberg (10)	8,800	*		
Executive Officers and Directors as a group (10 persons)	3,285,188	25.1%	51,017	51%

* Less than 1%

- (1) With respect to the Class B Shares, Mrs. Roberts, who is the mother of Elaine Roberts, President of the Corporation, owns 100 Class B Shares directly and 44,209 Class B Shares indirectly through Elka Estates Limited, an Ontario corporation (Elka), which is wholly-owned by Mrs. Roberts. With respect to the Class A Shares, Mrs. Roberts owns 41,900 Class A Shares directly and 283,055 Class A Shares through Elka Estates Limited.
- (2) With respect to the Class A Shares, Mr. Lowenthal is the sole general partner of Phase II Financial L.P., a New York limited partnership (Phase II L.P.), which is the record holder of 2,734,430 Class A Shares. Mr. Lowenthal holds 11,773 Class A Shares through the Oppenheimer 401(k) plan, and 1,366 Class A Shares directly and 112,500 Class A Shares are beneficially owned in respect of Class A Shares issuable upon exercise of options issued under the EIP. With respect to the Class B Shares, Phase II, an Ontario corporation wholly-owned by Mr. Lowenthal, is the holder of record of all such shares.

- (3) Mr. Bitove holds 25,480 Class A Shares directly, 100 Class A Shares indirectly through JB s Investments Inc.
- (4) Mr. Crystal owns 4,100 Class A Shares.
- (5) Mr. McArthur owns 20,000 Class A Shares directly, 29,000 Class A Shares are held through Shurway Capital and 3,750 Class A Shares are beneficially owned in respect of Class A Shares issuable on the exercise of options under the EIP.
- (6) Mr. Okin owns 35,009 Class A Shares directly, 544 Class A Shares through the Oppenheimer 401(k) Plan and 12,500 Class A Shares are beneficially owned in respect of Class A Shares issuable upon exercise of options issued under the EIP.
- (7) Mr. Oughtred owns 5,500 Class A Shares directly and Mr. Oughtred s wife owns 1,300 Class A Shares directly.
- (8) Ms. Roberts owns 178,594 Class A Shares directly and 23,750 Class A Shares are beneficially owned in respect of Class A Shares issuable upon exercise of options issued under the EIP.
- (9) Mr. Robinson owns nil Class A Shares directly and 8,750 Class A Shares are beneficially in respect of Class A Shares issuable upon exercise of options issued under the EIP.
- (10) Mr. Winberg owns 8,800 Class A Shares directly.
- (11) There are no arrangements, known to the Corporation, the operation of which may at a subsequent date result in a change of control of the Corporation.

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- (12) All Class A Shares authorized under the EIP have or are the subject (on May 14, 2007) of approval by the Class B Shareholders. A description of the 1996 Equity Incentive Plan appears in Note 12 of the Corporation's consolidated financial statements for the year ended December 31, 2006. A copy of the Corporation's 2006 Equity Incentive Plan appears as Schedule B hereto. Information about the April 27, 2006 Equity Incentive Award appears on page 9. The Corporation does not have any warrants or rights outstanding as at December 31, 2006. Class A Shares authorized for issuance under the Equity Incentive Plans as at December 31, 2006 are as follows:

Plan	Number of Class A Shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of Class A Shares remaining available for future issuance
1996 Equity Incentive Plan	1,168,392	\$ 27.93	0
2006 Equity Incentive Plan	5,000	\$ 33.40	795,000
April 27, 2006 Equity Incentive Award	10,000	\$ 26.50	0

- (13) Class A Shares authorized for issuance under the Oppenheimer Employee Share Plan (the "ESP") as at December 31, 2006 are as follows: All Class A Shares authorized for issue under the ESP have been approved by the shareholders of the Corporation.

Number of Class A Shares to be issued upon vesting of grants under the ESP	Weighted average exercise price of outstanding ESP grants	Number of Class A Shares remaining available for future issuance under the ESP
104,264	\$ 23.36	645,736

Compliance with Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Corporation's directors and executive officers, and persons who own more than ten percent of a registered class of the Corporation's equity securities, to file by specific dates with the Securities Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of equity securities of the Corporation. Officers, directors and greater than ten percent Shareholders are required by SEC regulation to furnish the Corporation with copies of all Section 16(a) forms that they file. The Corporation is required to report in this Circular any failure of its directors and executive officers and greater than ten percent Shareholders to file by the relevant due date any of these reports during the preceding fiscal year (or, to the extent not previously disclosed, any prior fiscal year).

To the Corporation's knowledge, based solely on review of copies of such reports furnished to the Corporation during the fiscal year ended December 31, 2006 and representations made to the Corporation by such persons, all Section 16(a) filing requirements applicable to the Corporation's officers, directors and greater than ten percent Shareholders were complied with.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Indebtedness of Directors and Executive Officers

The following sets out information with respect to the aggregate indebtedness of directors and executive officers under securities purchase and other programs. At December 31, 2006 and since that date none of the directors and the executive officers of the Corporation were or have been indebted to the Corporation.

Table of Contents**Indebtedness Of Directors And Executive Officers Under (1) Securities Purchase And (2) Other Programs**

Name and Principal Position (a)	Involvement of Company or Subsidiary (b)	Largest Amount Outstanding During 2006 (\$) (c)	Financially Assisted Outstanding as Securities at March 14, 2007 (\$) (d)		Purchases During 2006 (#) (e)	Security for Indebtedness (f)	Amount Forgiven During 2006 (\$) (g)

Securities Purchase Programs

N/A

Other Programs

A.G. Lowenthal	Oppenheimer Margin Account	\$ 87,499	\$ nil		Margined securities
R. Okin Executive Vice President of Oppenheimer	Oppenheimer Margin Account	\$ 178,479	\$ nil		Margined securities

During the year 2006 certain of the directors, executive officers and senior officers of the Company, Oppenheimer and OAM maintained margin accounts with Oppenheimer in connection with the purchase of securities (including securities of the Company) which margin accounts are substantially on the same terms, including interest rates and collateral, as those prevailing from time to time for comparable transactions with non-affiliated persons and do not involve more than the normal risk of collectibility.

Other Relationships and Transactions

Robert Lowenthal, the son of A.G. Lowenthal, the Chairman of the Board and Chief Executive Officer of the Corporation, is the head of Information Technology for Oppenheimer. He received a salary, bonus and other perquisites aggregating \$296,120 during fiscal 2006. The Corporation is sponsoring Robert Lowenthal in the pursuit of an Executive MBA at Columbia University (\$48,078 paid in 2006 is included in the total above).

Andrew Crystal, brother of R. Crystal, a director of the Corporation, is an Oppenheimer financial advisor and is compensated on the same basis as other Oppenheimer financial advisors.

As disclosed under Security Ownership of Certain Beneficial Owners and Management, Olga Roberts, the mother of E.K. Roberts, a director and President and Treasurer of the Corporation, owns 324,955 Class A Shares and 44,309 Class B Shares, representing 2.6% of the outstanding Class A Shares and 44.4% of the outstanding Class B Shares.

The Corporation's Code of Conduct and Business Ethics currently contains prohibitions and restrictions on directors, executive officers and other employees of the Corporation from entering into or becoming involved in situations which could give rise to conflicts of interest with the Corporation. Directors, senior executives and employees of the Corporation and its subsidiaries are required to avoid investments or other interests and associations that interfere, might or might be perceived to interfere with the independent exercise of judgment in the Corporation's best interests.

Directors, senior executives and employees of the Corporation may not advance their personal interests at the expense of the Corporation nor may they personally take or benefit from opportunities arising from their employment with the Corporation.

The Corporation is reviewing the Code of Conduct and Business Ethics against the requirements of securities laws and current corporate governance practices as it applies to the review, approval or ratification of transactions with related persons and will be updating the Code to comply.

NORMAL COURSE ISSUER BID

On July 27, 2006, the Corporation announced that during the twelve-month period commencing August 9, 2006 it intended to purchase up to 632,000 of its Class A Shares by way of a Normal Course Issuer Bid through the facilities of the TSX and/or the NYSE, representing approximately 5% of the outstanding Class A Shares. The Corporation purchased 110,700 Class A Shares in fiscal 2006 at an average price of \$20.37 per share pursuant to the current Normal Course Issuer Bid as well as pursuant to a Normal Course Issuer Bid that commenced on July 22, 2005 and terminated on July 21,

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2006. All shares purchased by the Corporation pursuant to Normal Course Issuer Bids are cancelled. The Corporation may, at its option, apply to extend the program for an additional twelve-month period.

INCORPORATION BY REFERENCE

The Corporation's consolidated financial statements including its consolidated balance sheets for the years ended December 31, 2006 and December 31, 2005, its consolidated statements of operations, changes in shareholders equity and cash flows for the years ended December 31, 2006, 2005 and 2004 and the notes thereto contained in the Corporation's Annual Report to Shareholders for the fiscal year ended December 31, 2006, a copy of which is being contemporaneously distributed with this Circular, are incorporated by reference into this Circular. Any statement contained in a document which is incorporated, or deemed to be incorporated, by reference into this Circular, shall be considered modified or superseded for purposes of this Circular to the extent that a statement contained in this Circular or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

SHAREHOLDER PROPOSALS

The Canada Business Corporations Act (the "CBCA"), which governs the Corporation, provides that a shareholder entitled to vote at a meeting of shareholders may, in accordance with the provisions of the CBCA, submit a notice of a proposal to the Corporation that the shareholder wishes to be considered by the shareholders entitled to vote at a meeting of shareholders. In order for any shareholder proposal, for the next meeting of shareholders of the Corporation following the May 14, 2007 Meeting, or any adjournment thereof, to be included in the Circular for such meeting, the proposal must comply with the provisions of the CBCA and be submitted to the Corporation at its registered office at 20 Eglinton Avenue West, Suite 1110, Toronto, Ontario M4R 1K8 (Attention: Secretary) prior to February 15, 2008 in the case of the Corporation's 2007 annual meeting of shareholders or at least 60 days prior to any special meeting of shareholders.

COMMUNICATIONS WITH THE BOARD

Holders of Class A and Class B Shares or interested parties may communicate with the Board, including to request copies of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2006, including its financial statements and MD&A, by e-mail to investorrelations@opy.ca (Attention: Board of Directors) or by mail to:

Oppenheimer Holdings Inc.
Board of Directors
c/o The President
20 Eglinton Avenue West
Suite 1110, P.O. Box 2015
Toronto, Ontario
M4R 1K8

All such correspondence will be forwarded to the Lead Director or to any individual Director or Directors to whom the communication is or are directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Corporation or its business or is similarly inappropriate. The President of the Corporation has the authority to discard or disregard inappropriate communications or to take other reasonable actions with respect to any such inappropriate communications.

Additional information relating to the Corporation is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

DIRECTORS APPROVAL

The contents of and sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED AS OF this 14th day of March, 2007.

(signed) A.W. Oughtred
Secretary

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SCHEDULE A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Mandate and Duties of the Board of Directors

The fundamental responsibility of the Board is to supervise the management of the business of the Corporation with a view to maximizing shareholder value and ensuring corporate conduct in a legal and ethical manner through a system of corporate governance and internal controls appropriate to the Corporation's business. Given the nature of the Corporation's business and the size and composition of the Board, the Board has determined that there is no current need to develop specific mandates or position descriptions for the Board, the lead director, the chief executive officer or the chairs of the Board committees. The Board has adopted a statement of Corporate Governance Guidelines to which it adheres. The Corporation has a Code of Conduct and Business Ethics for Directors, Officers and Employees which is posted on the Corporation's website www.opco.com and available in hard copy from the Corporation's head office. No waivers were granted in 2006 or to date in 2007 under the Code for Directors, Officers and Employees.

In fulfilling its mandate, the Board's responsibilities include:

the establishment and maintenance of an appropriate system of corporate governance, including practices to ensure that the Board functions effectively and independently of management;

monitoring and overseeing the Corporation's strategic planning;

monitoring the performance of the Corporation's business, identifying and evaluating opportunities and risks and controlling risk;

overseeing monitoring systems for internal controls, audit and information management systems;

assessing and monitoring the performance of senior management and overseeing succession planning;

remuneration of executive officers and senior management and reviewing the general compensation policy of the Corporation;

reviewing and approving the Corporation's financial statements and overseeing the Corporation's compliance with applicable audit, accounting and financial reporting requirements; and

overseeing corporate communications to all stakeholders.

Independence of the Board of Directors

Four of the Corporation's seven directors are independent as required by the CSA Guidelines for Corporate Governance and by the New York Stock Exchange Corporate Governance Rules. To be considered independent under these rules, the Board must determine that a Director has no direct or indirect material relationship with the Corporation. The board has determined that Messrs. Bitove, Crystal, McArthur and Winberg (the non-management directors) are independent directors and that Mr. Lowenthal, the Chairman of the Board and chief executive officer of the Corporation, Ms. Roberts, the President and Treasurer of the Corporation, and Mr. Oughtred, the Secretary of the Corporation, are not independent.

The Board has not adopted formal categorical standards to assist in determining independence. The Board has considered the relationship of each non-management/officer director and has made a determination that the four non-management/officer directors of the Corporation are independent.

Of the four non-management/officer Directors, the Board has determined that the only Director that has a relationship with the Corporation (other than as a Director) is Mr. Crystal. The Board has determined that although Mr. Crystal is a partner in the firm of Thelen Reid Brown Raysman & Steiner LLP, which firm provides legal services to the Corporation, in view of the professional ethical standards which govern his conduct, the fact that less than one percent of the annual revenues of his firm are derived from the Corporation and that Mr. Crystal receives no direct compensation from the Corporation other than his Director's compensation, his relationship with the Corporation is not material for the purposes of determining that Mr. Crystal is an independent director.

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At each regular Board and Audit Committee meeting, the independent directors are afforded an opportunity to meet in the absence of management. During 2006, four meetings of the independent directors were held in the absence of management. As well, at quarterly meetings of the Audit Committee, the members of the Committee are afforded the opportunity to meeting with the auditors in the absence of management.

The independent Directors and the Directors that are not independent, understand the need for directors to be independent minded and to assess and question management initiatives and recommendations from an independent perspective. The Board has a Lead Director, Mr. K.W. McArthur, an independent director who, among other things, chairs sessions of the independent directors in the absence of management.

A majority of the directors are independent. Assuming the slate of directors nominated for election at the Corporation's 2007 shareholders meeting are elected, four of the seven directors will be independent.

Orientation and Continuing Education

The Nominating/Corporate Governance Committee of the Board, as required by its Charter, is responsible for the orientation of new directors as to the business of the Corporation, the role of the board and the Board committees.

The Board encourages the Directors to maintain the skill and knowledge necessary to meet their obligations as Directors. This includes attendance at continuing education sessions and providing written materials on governance and related matters. Mr. A.W. Oughtred attended the Institute of Corporate Directors (Canada) Corporate Governance College Programme and is certified as an Institute of Corporate Directors Director (ICD.D).

Nomination of Directors

The Board currently consists of seven Directors. The Board has determined that this is an appropriate size for the Board.

Nominating/Corporate Governance Committee (Messrs. Bitove, Crystal, McArthur (Chair) and Winberg)

The Board has a Nominating/Corporate Governance Committee each of the members of which is independent. The duties of this Committee which include the recruitment of directors and the nomination of individuals for Board positions are set out as follows.

The Board has adopted a Nominating/Corporate Governance Committee Charter. All members of the Nominating / Corporate Governance Committee are independent directors.

The Nominating/Corporate Governance Committee:

- makes recommendations to the Board with respect to corporate governance;
- when necessary, oversees the recruitment of new Directors for the Corporation;
- nominates candidates for election or appointment to the Board;
- maintains an orientation program for new directors and oversees the continuing education needs of Directors;
- evaluates Director performance;

reviews and makes recommendations with respect to the Corporation's Corporate Governance Guidelines; and

reviews and approves governance reports for publication in the Corporation's Management Proxy Circular and Annual Report on Form 10-K.

The Nominating/Corporate Governance Committee Charter provides that the Nominating/Corporate Governance Committee is responsible for ensuring that the Board of Directors of the Corporation is composed of directors who are fully able and fully committed to serve the best interests of the Corporation's shareholders. Factors considered by the Nominating/Corporate Governance Committee in assessing director performance and, when needed, recruiting new directors include character, judgment, experience, compatibility with the existing Board, ethics, standards and integrity. The Nominating/Corporate Governance Committee will consider nominees recommended by Class B Shareholders. Nominees recommended by Class B Shareholders will be given appropriate consideration and will be evaluated in the same manner as other nominees. Class B Shareholders who wish to submit nominees for director for consideration by the

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Nominating/Corporate Governance Committee for election at the Corporation's 2008 annual meeting of shareholders may do so by submitting in writing such nominee's name, in compliance with the procedures and along with the other information required by the Corporation's By-laws and Regulation 14A under the Exchange Act (including such nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), to the Secretary of the Corporation, at 20 Eglinton Avenue West, Suite 1110, Toronto, Ontario M4R 1K8 within the time frames set forth under the caption "Shareholder Proposals".

The Corporation is reviewing the Nominating/Corporate Governance Committee Charter against the requirements of Regulation S-K with respect to Nominating Committees and will be updating the Charter to comply.

Director, Committee Assessments

The Board does not currently have a formal director assessment process. The Board's Lead Director is responsible for assessing the performance and contribution of individual Board members with members of the Nominating/Corporate Governance Committee and, if necessary, addressing issues arising from such assessments.

The Board does formally assess the Audit Committee on an annual basis.

Board Compensation

The Board has a Compensation and Stock Option Committee the duties of which (described below) include making recommendations as to directors' compensation. The Directors other than Mr. Lowenthal and Ms. Roberts are entitled to the automatic grant of stock options on a periodic basis under the Corporation's 2006 Equity Incentive Plan.

Compensation and Stock Option Committee (Messrs. Bitove and Winberg (Chair))

The Board has adopted a Compensation and Stock Option Committee Charter. All members of the Compensation and Stock Option Committee are independent. The Compensation and Stock Option Committee:

- makes recommendations to the Board with respect to compensation policy for the Corporation and its subsidiaries;

- makes recommendations to the Board with respect to salary, bonus and benefits paid and provided to senior management of the Corporation;

- in accordance with the provisions of the Corporation's 2006 Equity Incentive Plan and Employee Share Plan authorizes grants of stock-based awards and recommends modifications to the plans;

- in accordance with TSX requirements, authorizes grants of Class A Shares to the Oppenheimer & Co. Inc. 401(k) Plan annually;

- grants certain compensation awards to senior management of the Corporation based on criteria linked to the performance of the individual and/or the Corporation;

- administers the Performance-Based Compensation Agreement between the Corporation and Mr. A.G. Lowenthal;

- certifies compliance with the criteria performance-based awards or grants;

administers and makes awards under the Corporation's Stock Appreciation Rights Plan; and
reviews and approves the Corporation's Compensation Discussion and Analysis.

Audit Committee (Messrs. Bitove, McArthur and Winberg (Chair))

In addition to the Committees referred to above, the Board has an Audit Committee composed of three independent directors the duties of which are as follows.

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The Board has adopted a written charter for the Audit Committee, a copy of which is attached to the Management Information Circular of the Corporation dated March 25, 2004 as Schedule D. The Audit Committee:

reviews annual, quarterly and all legally required public disclosure documents containing financial information that are submitted to the Board;

reviews the nature, scope and timing of the annual audit carried out by the external auditors and reports to the Board;

evaluates the external auditors' performance for the preceding fiscal year; reviews their fees and makes recommendations to the Board;

pre-approves the audit, audit related and non-audit services provided by the Corporation's auditors and fee estimates for such services;

reviews internal financial control policies, procedures and risk management and reports to the Board;

meets with the external auditors quarterly to review quarterly and annual financial statements and reports and to consider material matters which, in the opinion of the external auditors, should be brought to the attention of the Board and the shareholders;

reviews and directs the activities of Oppenheimer's internal audit department, meets regularly with internal audit personnel and reports to the Board;

reviews accounting principles and practices;

reviews management reports with respect to litigation, capital expenditures, tax matters and corporate administration charges and reports to the Board;

reviews related party transactions;

reviews internal control policies and procedures with management and reports to the Board;

reviews changes in accounting policies with the external auditors and management and reports to the Board;

reviews and approves changes or waivers to the Corporation's Code of Ethics for Senior Executive, Financial and Accounting Officers; and

annually reviews the Audit Committee Charter and recommends and make changes thereto as required.

All of the members of the audit committee are financially literate. Mr. Kenneth W. McArthur has been designated an audit committee financial expert.

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**OPPENHEIMER HOLDINGS INC.
2006 EQUITY INCENTIVE PLAN
EFFECTIVE DECEMBER 11, 2006**

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**2006 Equity Incentive Plan
Effective December 11, 2006**

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