Fahnestock Viner Holdings Inc.
2002 Annual Report

Building on a Strong Foundation

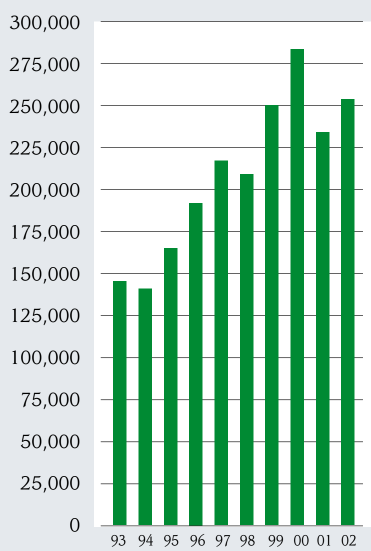
FINANCIAL HIGHLIGHTS

(In thousands of U.S. dollars except per share amounts)

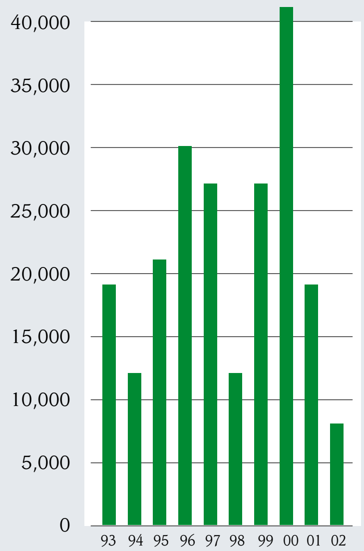
	2002	2001	2000	1999
Gross Revenue	**$283,333**	$261,261	$316,499	$279,111
Profit before income taxes	**$12,917**	$31,612	$71,712	$50,466
Net Profit	**$7,547***	$19,150	$40,901	$27,390
Basic Earnings per Share	**$0.61***	$1.55	$3.38	$2.19
Total Assets	**$1,032,703**	$710,275	$697,482	$766,528
Shareholders' Equity	**$247,636**	$241,695	$221,800	$187,388
Book Value per Share	**$19.82**	$19.43	$18.34	$15.30
Total Shares Outstanding	**12,509**	12,437	12,091	12,247
Number of employees	**1,754**	1,815	1,284	1,303

*Represents net profit and basic earnings per share under Canadian GAAP which in 2002, differs from the presentation under U.S. GAAP. See note 3 of the consolidated financial statements for a discussion of the difference.

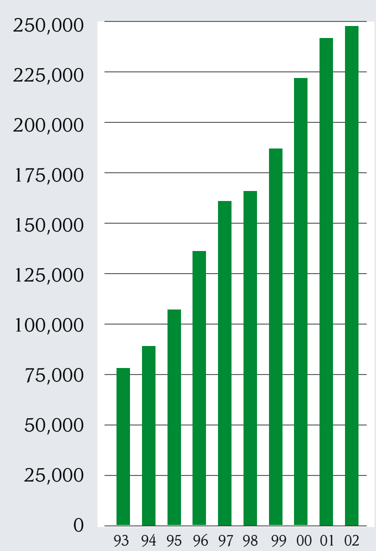
Gross Revenue
(U.S. $ thousands)



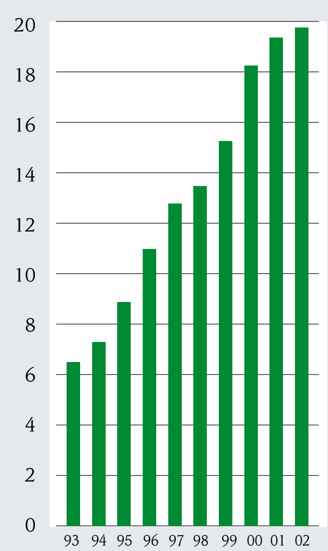
Net Profit
(U.S. $ thousands)



Shareholders' Equity
(U.S. $ thousands)

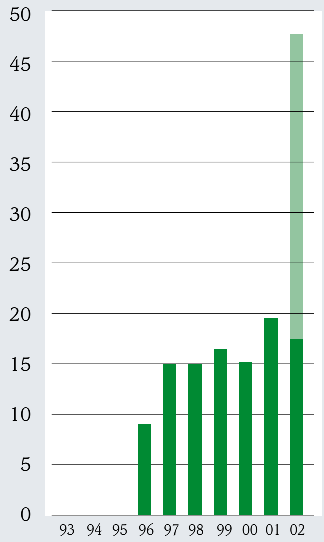


Book Value Per Share
(U.S. $)

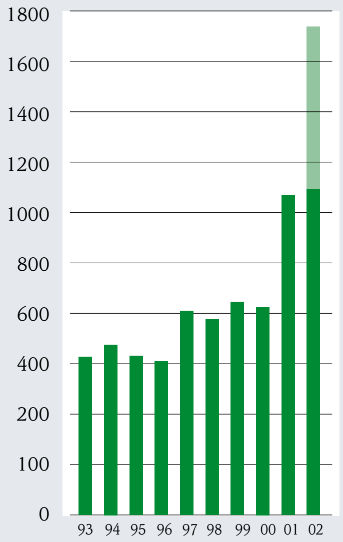


1998	1997	1996	1995	1994	1993
$232,781	$242,158	$213,988	$184,433	$157,253	$161,985
$21,723	$46,484	$53,902	$34,831	$20,966	$32,863
$12,447	$26,731	$30,279	$20,899	$11,780	$19,022
$0.99	$2.14	$2.42	$1.70	$0.96	$1.59
$666,763	$835,146	$519,916	$623,466	$510,636	$428,315
$166,323	$160,935	$135,877	$107,405	$88,788	$78,460
$13.48	$12.87	$10.99	$8.92	$7.34	$6.54
12,341	12,508	12,365	12,040	12,095	11,998
1,301	1,363	951	963	996	1,107

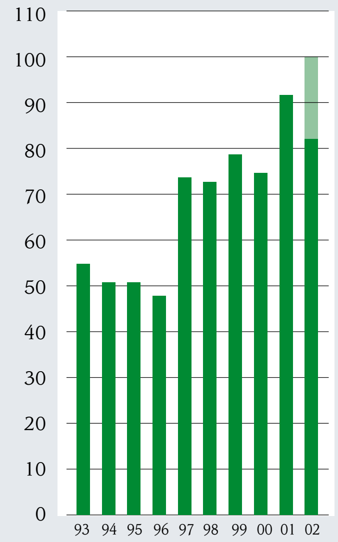
Client Assets
(U.S. $ billions)



Financial Consultants



Branch Offices



After January 3, 2003

Dear fellow shareholders

As 2002 drew to a close, one could only breathe a sigh of relief. The year seemed to contain a confluence of events that completely erased the "good times" mentality of the late 1990's. These factors were reflected in the capital markets. Markets declined for the third year in a row bringing the averages to 1997 levels. The Dow Jones Industrial Average declined 17%, the S&P 500 was down 23%, and the NASDAQ composite was down 32%. The average U.S. equity mutual fund was down 22.4%, while 75% of all stocks declined in 2002. The peak to trough decline by the S&P 500 was 49%. Declines of this breadth and magnitude did not even occur in the 1970's Bear Market.

During these trying times, Fahnestock Viner Holdings Inc. managed to remain profitable during each quarter, with the focus on reducing expenses in our ongoing business. General weakness in our major markets hurt earnings in 2002, as did the ongoing costs of rationalizing our business after several acquisitions. The company has continued to take decisive actions aimed at building its business, adding financial consultants and expanding its client base.

During 2002, the company realized revenues of U.S. $283,333,000, an increase of 8% from U.S. $261,261,000 in the prior year. Net income was U.S. $7,547,000, a decrease of 61%, from U.S. $19,150,000 earned in 2001. Earnings per share were U.S. $0.61, a decline from U.S. $1.55 per share in the prior year. These results, while modest, increased book value per share to U.S. $19.82.

The increase in commission revenue in 2002 compared to 2001 is the result of the acquisitions of Josephthal Group Inc. and Prime Charter Ltd. in late 2001. Additionally, during the past year, our financial results were significantly impacted by the contribution of our fixed income departments - public finance and municipal bond trading, U.S. Government and Agency trading, convertible bond trading, mortgage-backed securities trading, and project loan trading. As well, we substantially increased our underwriting of preferreds and closed-end funds, both of which were in constant demand by our clients. We will continue to build each of these areas in the year ahead.

The U.S. is likely to lead the world on its path to global recovery. Looking ahead, we remain confident that the market will eventually turn around as continuing fiscal and monetary stimulus give way to economic expansion.

We continue to believe that business opportunities should be seized and that the securities industry will continue to benefit from the demographics of an aging Baby Boomer population in the United States. We seek acquisitions that give us the opportunity to access new customers, new service capabilities and technologies, and new geographic markets, as well as further develop existing client relationships. We intend to continue to evaluate and pursue acquisition opportunities on a highly selective and opportunistic basis.

In March, we acquired the business of BUYandHOLD Securities, a leading online securities firm catering to the long-term investor. This business was successfully integrated into our Freedom Investments subsidiary. The business is servicing over 90,000 investors who are making regular periodic investments in the stock market on a fully automated basis. While the growth of this business has been greatly affected by current market conditions, we believe that the future is promising. By year-end this business was contributing to our bottom line.

In December, we announced an agreement to purchase the U.S. Private Client Division and Asset Management Business of CIBC World Markets. With this transaction, which closed on January 3, 2003, Fahnestock increased its sales force by 35%, and doubled its revenues. In addition, client assets under administration increased by 200%. The business (formerly Oppenheimer & Co.) is among the most valuable franchises in the high net worth segment of wealth management.

In addition to adding 620 account executives in 18 branch offices, located in the major financial centers of the United States, we were able to acquire an asset management business with $8.5 billion in assets. The advisory business (to be renamed Oppenheimer Asset Management) is comprised of a suite of products and businesses that is unmatched in our industry. We look forward to offering these services to our full client base.

With the acquisition of the "Oppenheimer & Co." brand, we have acquired one of the most widely recognized and respected names in the financial services industry. It is our job to realize maximum benefit from it, and to continue to build on that image in the years ahead. We have made a determination to change the name of our principal operating company from Fahnestock & Co. Inc. to Oppenheimer & Co., and to change the name of our holding company from Fahnestock Viner Holdings to Oppenheimer Holdings Inc. The Fahnestock Trust Company will be renamed Oppenheimer Trust Company. Our principal investment advisory subsidiary will become Oppenheimer Asset Management. We believe that these decisions will maximize shareholder value, and maximize the opportunities for growth in our financial services franchise.

Whereas the hallmark of the last few years has been investment, the next few years will be primarily about reaping the fruits of that investment. We are confident that these investments will pay off well in the years ahead. What these expansions and investments in Fahnestock have in common is that they all build our franchise and enhance the quality of our business. One natural outgrowth should be a strong increase in profits.

Meanwhile, we are weathering the storm. We must continue to concentrate on the things that we can control. Central to our success, is our focus on delivering competitive technology and infrastructure in a highly cost effective way. This approach has permitted us to continue to expand during lean times. Looking ahead, we believe that the expanded revenue-producing capabilities of the firm coupled with our diligent control of costs puts us in a coveted position in the securities industry and should produce strong results and power growth in the future.

The securities industry is under the spotlight as never before. The impact of the Sarbanes-Oxley legislation will have repercussions for years to come. The changes in corporate governance, the treatment of stock options by corporate issuers, and new disclosure rules, which when combined with the severe penalties associated with lack of truthful disclosure, are likely to increase the confidence of the investing public going forward.

At Fahnestock, we have always provided independent and honest research, published by competent analysts with a strong belief in the value of the investment process. We are committed to growing our research department to support our larger firm and aim to have a stronger voice among institutions seeking independent research.

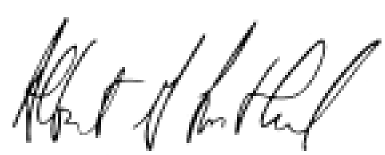
To help make sure that Fahnestock continues to serve the best interests of its shareholders, we have adopted written charters describing our board governance policies and procedures. We are increasing the number of board members and endeavoring to enhance the independence of the board. This should further promote accountability and encourage the flow of fresh ideas at the highest levels of our Company.

Throughout the recent economic downturn, Fahnestock has maintained a strong balance sheet and liquidity. The recent acquisition of the business of Oppenheimer has resulted in a substantial restructuring of our capitalization. We financed the $261 million cost of this transaction through the issuance of debt convertible into equity, zero coupon debt, and bank loans. We are confident that the opportunity warranted this level of investment, that the growth in our business and the increased cash

flow will support these decisions. Our overall cost of capital remains low and we believe that CIBC will be an important and constructive investor as we continue to build this Company. The Company will seek to improve its balance sheet by reducing debt, in conjunction with an improvement in operating and free cash flow.

Our actions to make Fahnestock a more performance-driven company and a more prosperous investment will produce major results as we move forward. None of the progress that we have reported on would be possible without our employees. I want to thank everyone who works at Fahnestock for their contribution and hard work during a trying period. Fahnestock people and client offerings are first-rate. Fahnestock has the kind of enduring strength and a heritage of integrity that put us in a class of our own. All of us are proud to be associated with a company that is honored for its record of ethics, honesty and fair-dealing. Qualities like these have been part of our Fahnestock culture for a long time, but have never been more relevant.

Much more remains to be done. We are confident that Fahnestock is on its way to achieving a level of excellence that will be greatly rewarding to all with a stake in our success. As we proceed on this journey, we say thank you to those that we are privileged to serve.



Albert G. Lowenthal
Chairman of the Board
Fahnestock Viner Holdings Inc.

As Fahnestock & Co. Inc. continues to build its leadership position as one of the largest independent full service brokerage firms; our commitment to the needs of our clients remains the foundation for our success. Introducing Oppenheimer Wealth Management.

Independence

Our financial consultants benefit from the support of a strong parent company, but do not have the pressures found at many other brokerage firms to sell proprietary products.

Instead, they enjoy the freedom to focus their attention on achieving their clients' goals. Fahnestock's independence reassures clients that the advice they receive from their financial consultants is unbiased and objective.

A Tradition of Integrity

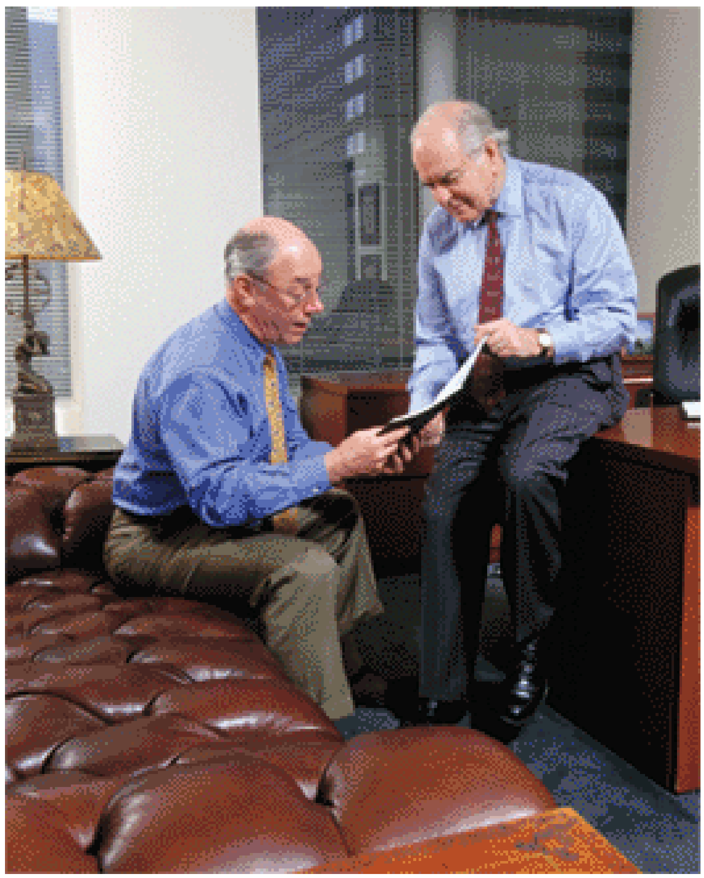
Both the financial consultants at Fahnestock & Co. Inc., and the account executives of the Oppenheimer & Co. Division of Fahnestock & Co. Inc. represent the key qualities of integrity, focus and innovation that have been carried forward throughout Fahnestock's 122 year history.

The goal of the high net worth client, and all clients, is to build a safe and hopefully more rewarding financial future. Whether the goal is children's education, assistance to elderly parents, or the safety of a financially secure retirement, Fahnestock financial consultants are experienced counselors that can lead and advise clients into the future.

Our financial consultants listen, and rely on their experience to guide their clients through the uncertain economic landscape. Their professionalism provides reassurance to their clients, and help build a strong and trusting relationship. Investors expect their financial consultants to address their concerns, understand their goals and tailor an investment plan to deliver the desired results. Our financial consultants demonstrate the virtues that investors seek, trusting in them to provide straight talk and good advice.

Reinvesting in Ourselves

The investment in technology, which the Company has undertaken in recent years, has been timely and appreciated. Improved news, analytics, account management and trading applications allow our financial consultants to react quickly to changing markets, and to recommend portfolio adjustments to protect and build their clients' assets. And with the acquisition of Oppenheimer, the firm gains access to powerful investment planning tools, and greater sales and marketing support for services such as retirement planning, asset management and estate planning. We gain access to services that are widely sought by the high net worth investor, from advanced insurance planning techniques to sophisticated structures to protect concentrated security positions. Our staff monitors the performance of a large universe of mutual funds and money managers, in order to select a small number for recommendation to our clients. They also oversee sophisticated asset allocation models to enhance portfolio performance. In a complicated world, good advice and reasoned recommendations are at a substantial premium.



On right, Alvin R. Corwin, Executive Director Investments, Private Client Division, with a client, discussing his portfolio's performance

There is no doubt that 2002 was a tumultuous year for individual investors and left many seeking a safe harbor. With these new technology resources our financial consultants were better prepared than ever before to examine a vast array of investment alternatives to address their clients' needs including fixed income alternatives where clients showed substantially increased focus.

Poised for the Future

As 2003 progresses, we will retire the Fahnestock & Co. Inc. name for our full service brokerage unit in the United States, in favor of the Oppenheimer & Co. identity. The change will provide our financial consultants with greater name recognition among individual investors.

The firm now ranks as the 6th largest independent full service brokerage firm in the U.S.A in terms of number of financial consultants (retail registered representatives) and as the 8th largest in terms of number of broker-dealer offices. The sales network of over 100 branches throughout the United States and over 1,700 financial consultants will be referred to as Oppenheimer Wealth Management. Our international operations in Latin America will continue to operate as Fahnestock & Co. Inc., where the name has a 50 year presence.

OPPENHEIMER ASSET MANAGEMENT

Oppenheimer Asset Management (OAM) offers high net worth and institutional investors access to customized managed money programs, all of which are rooted in strategic asset allocation.

The group's assets under advisement ended 2002 in excess of $9.4 billion, representing nearly 30,000 managed accounts. Despite a very difficult market environment last year, OAM successfully expanded its account base 7.0% over the previous year. As OAM captures fee-based business, the group was able to provide a relatively stable revenue stream to the firm, even as the equity markets struggled. Moreover, the group's well established processes, which feature economies of scale and limited use of capital, boosted OAM's operating leverage considerably during the year.

OAM creates custom-tailored portfolios for each client. The group begins with an assessment of each investor's unique objectives and tolerance for risk. From there, an asset allocation strategy is crafted, blending sophisticated modeling techniques with the personal know-how that comes from years of experience in the business.

Oppenheimer Asset Management includes a number of diverse managed money platforms. OAM's Consulting Group conducts rigorous due diligence on money managers and mutual funds to identify those that it believes to be among the best available. Oppenheimer Investment Advisers is the group's proprietary money manager, specializing in low-risk, discretionary investment strategies with an emphasis on client service. The OMEGA group enables Account Executives to function as portfolio managers, providing a client-centered approach to money management. The Alternative Investments Group allows qualified clients to invest in hedge funds, funds-of-funds and other non-traditional strategies. The true strength of OAM, however, results from the synergies of these units operating in concert, enriching the potential for account customization, performance reporting, and client service.

Although 2002 was rather volatile for equities, fixed income and alternative investment strategies were able to buoy many diversified portfolios. Last year's market results demonstrate an important tenet of OAM's philosophy: a proper asset allocation strategy can protect invested capital and mitigate risk in a portfolio.

In 2002, OAM rolled out two revolutionary new features. First, the group became the first provider to offer a consolidated proposal identifying separately managed accounts, mutual funds, and hedge funds in a single, comprehensive presentation. Second, the group became the first in its industry to produce similarly consolidated quarterly client reports combining both traditional and non-traditional investments in one document.

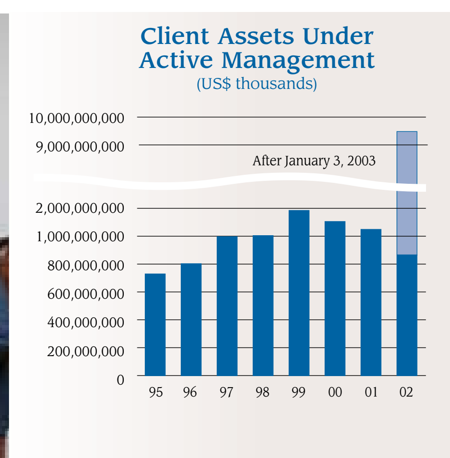
Last year, OAM's Consulting Group and Oppenheimer Investment Advisers were both ranked in the top ten in their respective fields by Cerulli Associates, an independent consultant in the industry. Also, the OMEGA group added exchange-traded funds (ETFs) to their product mix, opening up a range of attractive new opportunities for clients through that program. In addition, the Alternative Investments Group launched two groundbreaking strategies, garnering much attention in 2002.

Looking ahead, Fahnestock's high net worth and institutional clients will have the opportunity to participate in sophisticated strategies that are tailored to their unique goals by OAM, making the group a beneficial addition to the firm.

Oppenheimer Trust Company

Oppenheimer Trust Company provides the highest level of personal trust and estate administration services to its clients. The Trust Company also offers a variety of investment options for the assets with which it is entrusted. Financial consultants use the Trust Company as a resource to assist in planning for their clients' future. Once created, the Trust Company implements the plans precisely as the client envisioned.

Right, Thomas R. Robinson, Chief Investment Officer, Managing Director, Oppenheimer Investment Advisers and center, James F. Lowe, First Vice President-Financial Services, discussing investment options with a client.



The addition of the Oppenheimer & Co. Division reinforces our financial product and service capabilities. The knowledge and experience gained will ensure that we provide clients the expert advice and guidance they have come to expect.

The Financial Products & Services Division is comprised of several core business units whose specialists focus on delivering personalized, comprehensive solutions that address the evolving financial needs of our clients at every level. These business units are: Executive Services, Mutual Fund Services, The Oppenheimer Life Agency, Ltd., The Oppenheimer Planning Group and Retirement Services. In addition, we provide a broad array of sophisticated products and strategies that are individually tailored on a client-by-client basis. This consultative approach, taken for all of our offerings, assures an optimal solution for our clients' needs.

The Executive Services Group provides assistance to corporate executives, holders of restricted stock and investors holding concentrated equity positions. We offer a range of innovative strategies to provide liquidity, protect and enhance the value of our clients' assets. Diversification may be achieved through a public or private sale or by creating a Rule 10b5-1 trading plan under our Corporate Executive Diversification Program. Exchange Funds, offered through Mutual Fund Services, is another vehicle utilized by investors to diversify a concentrated equity position. In addition, through extensive analysis, Mutual Fund Services identifies opportunities we believe can best meet both our individual and institutional clients' financial objectives.

The Oppenheimer Life Agency, Ltd. provides a variety of high quality insurance options, including variable and fixed annuities, long-term healthcare and high-end life insurance strategies. Helping our clients understand their current financial position and determining where they want to be in the future is the methodology of the Oppenheimer Planning Group. The group focuses on assisting individuals in meeting their financial goals through long-term investment planning by analyzing areas such as taxation, insurance needs, education, retirement and estate planning.

Retirement Services supports our individual clients by working with their Financial Consultants to identify the most suitable retirement options and our corporate clients in the design of corporate-sponsored retirement plans and non-qualified deferred compensation programs. Other products and services include: the Oppenheimer Mortgage Solution, Employee Stock Option Plans, 529 Plans, Principal and Non-Principal Protected Structured Notes and Preference Accounts (non-discretionary wrap fee accounts), just to name a few.

In addition, The Oppenheimer Trust Company is an important resource and is a strategic component of many advanced concepts provided to our clients including, insurance and estate planning strategies and philanthropic structures.

We tailor approaches to the individual or institutional client's specific financial goal and tax status. We provide our financial consultants with the resources they need, through ongoing training and education programs, to create objective and appropriate solutions for their investors.

Marshall Dornfeld, Managing Director, Financial Products & Services, leading a training session.

PUBLIC FINANCE

The Public Finance business of Fahnestock has grown into a national practice that offers our clients a full range of services with a special emphasis on development finance.

The firm's traditional clients such as states, cities, counties and school districts have become increasingly involved in economic development efforts undertaken to increase the local tax base and foster job creation. With a well honed knowledge of the different missions of local governments, Fahnestock's professionals are well positioned to provide our governmental and private clients the financing tools to meet their rapidly changing needs.

As underwriters of municipal bonds, Fahnestock is positioned to offer our clients the broadest distribution of securities in the retail, institutional and private placement markets. By treating each underwriting engagement as unique, Fahnestock avoids the cookie cutter approach so often adopted by other investment firms. The firm's multiple underwriting desks work closely with its public finance professionals to assure our clients the most favorable interest rates available in the tax exempt and taxable bond markets.

The firm's public finance offices located in Kansas City, Detroit, Minneapolis and Philadelphia serve as originating centers for public finance transactions initiated throughout the nation. Our public issuers benefit from the local and regional identification of our public finance professionals with local and regional perspectives and needs. Fahnestock's over 100 branch offices constitute a network that provides the firm with the most up to date information on the needs of local government clients in their regions.

Services provided by Fahnestock to our public finance clients include: bond underwriting, financial advisory, advanced refunding structuring, reinvestment programs, arbitrage rebate analysis, economic feasibility studies, tax increment financing and tax incentive advisory services. In addition to governmental issuers, the firm provides services to development authorities, developers, corporations and partnerships. Fahnestock clients have access to the most sophisticated planning and structuring expertise with particular experience in health care and higher education finance.

With the additional distribution capacity resulting from the acquisition of Oppenheimer & Co., Fahnestock's public finance practice will be enhanced and broadened. As the economic environment changes, the firm's staff of professionals are prepared to offer state of the art services to its lengthening roster of public finance clients.

Significant Public Finance Bond Issues in 2002

$199,600,000
Kansas Department of Transportation
Highway Revenue Refunding Bonds

$38,655,000
River Rouge School District, Michigan
Refunding Bonds

$85,000,000
Cox Hospital, Springfield, Missouri
Variable Rate Demand Revenue Bonds

$12,815,000
Kansas City Country Club Plaza
Transportation Revenue Bonds

$24,720,000
City of Novi, Michigan
General Obligation Refunding Bonds

$21,440,000
Gibraltar School District, Michigan
General Obligation Bonds

$10,035,000
Minneapolis, Minnesota
Housing Revenue Bonds

$126,005,000
Wyandotte/Kansas City, Kansas
Unified Government
Utility System Revenue Bonds

$22,065,000
Shawnee County, Kansas
General Obligation Bonds

From left, Dave Fenley, Board Member, Kansas City Transportation Development District, Karolyn Cline, Fahnestock Associate and Matthew Webster, Fahnestock Vice President in front of retail-garage facility on the world famous Country Club Plaza financed with bonds placed by Fahnestock for the District.

Building on a Strong Foundation

INVESTMENT BANKING

Fahnestock & Co. Inc. offers a leading independent, mid-sized, Investment Banking business, which enjoys a unique position among its peers because of the firm's long tradition of integrity and honesty.

Our Investment Banking business personnel are highly trained and experienced professionals who execute transactions for clients from start to finish, and specialize in four distinct areas: Public Financings, Private Placements, Mergers & Acquisitions and Advisory Services.

Important resources are available to the Fahnestock Investment Banking Group through the other areas of the firm, ranging from award-winning Equity Research analysts (known for their independence) to its high-net-worth client base. The Group is able to provide emerging growth and middle markets corporate clients with creative, cost-effective solutions, knowledgeable advice and efficient execution in the raising of capital and the implementation of strategic and financial plans.

Despite a difficult environment in 2002, Fahnestock completed transactions for many companies in a broad range of industries. We raised approximately $600 million of capital and advised on 10 transactions for our corporate clients. The industries in which we have completed transactions included automotive parts, business services, community and regional banking, consumer products, entertainment services, industrial manufacturing, information technology, medical devices, pharmaceuticals, semiconductor equipment and specialty retailing. Highlights of public offerings included a $93.8 million follow-on common stock offering for A.C. Moore Arts & Crafts, Inc. and a $57.5 million preferred stock financing for Entertainment Properties Trust.

During the year, Fahnestock was engaged in a number of restructuring assignments, which included valuation work, balance sheet re-capitalization, capital raising and other financial advisory services. For example, we assisted a financially distressed, publicly held, integrated information technology company in balancing shareholder interests with creditors' claims. After exploring various challenging options, we recommended the client merge a valuable subsidiary into a public company and pledge its controlling stock position to a liquidating trust for the benefit of the parent's senior lender. Upon closing, this creative restructuring solution resulted in a significant increase in our client's market capitalization and a segregation and protection of the lender's interests.

We expect the challenging conditions within the capital markets to continue through 2003. Consequently, we will assist our clients with advisory projects, private placements and selective public offerings. With members of our staff located in a number of financial centers, our corporate clients will continue to benefit from the coordinated execution of firm-wide resources consisting of broad distribution, effective market making, insightful independent research and solid investment banking advice.

$93,840,000
A.C. Moore Arts & Crafts, Inc.
Follow-On Offering
Co-Manager

$20,000,000
Meridian Medical Technologies Inc.
Senior Debt
Financial Advisor

Applied Digital Solutions, Inc.
Financial Restructuring of $93,000,000 in Senior Debt
Financial Advisor

$8,800,000
DepoMed, Inc.
Private Placement of Common Stock
Placement Agent

$57,500,000
ENTERTAINMENT PROPERTIES TRUST
Entertainment Properties Trust
9.5% Preferred Stock
Co-Manager

Michigan Seamless Tube
AQUISITION FUNDING
Equity Provided by
Atlas Holdings
R&K Holdings
Mezzanine Debt Provided By
GarMark Capital
Senior Debt Provided By
Comerica
Placement Agent

$65,000,000
Sky Financial Group, Inc.
Subordinated Notes
Co-Manager

$160,000,000
Collins & Aikman
Follow-On Offering
Co-Manager

Mitsui & Co. USA
Sold Certain Operations To
Kenwal
Kenwal Stell Corp.
Financial Advisor

INSTITUTIONAL SERVICES

Our institutional business produced solid gains across the board in 2002, as we expanded our reach and capabilities. We will be unifying our institutional business units under the name Oppenheimer Capital Markets. The move will enhance our sales force's ability to cross-sell as well as promote our services to a broader audience of institutional clients.

Equity Research

Our award-winning Equity Research Department will be renamed Oppenheimer Equity Research. Along with the new name, the department will be substantially expanding both its coverage universe and number of analysts on staff in 2003. Our reputation for fair and independent research, as well as our well thought out investment recommendations should attract a larger institutional audience than ever before.

We introduced a new broadcast studio on the trading floor of our corporate headquarters. Our analysts can now conduct live television interviews as news breaks, further positioning us as a leading authority on the companies we cover.

Institutional Equity Sales & Trading

Fahnestock & Co. Inc.'s Institutional Equity Sales and Trading department had another record year in a very difficult environment. We took advantage of the sluggish market by adding to our sales and trading teams, and will continue to add opportunistically in 2003. Our market share increased substantially and our commissions were up for the year although industry revenues generated by institutional investors were down sharply. We will continue to broaden our institutional investor coverage dramatically in 2003 through the addition of the highly regarded mid-markets institutional sales group from Oppenheimer. The additional research coverage planned for 2003 will permit us to increase revenues from existing and future clients.

Mortgage-Backed Securities (MBS)

Our MBS trading desk had a record volume of transactions both through the internal sales force, as well as through our inter-dealer market-making network. Investors purchased record volumes of government sponsored CMO, REMIC and GNMA pass-throughs as an alternative to the credit risks of the corporate bond market and slim yields offered by the government bond market. This high quality investment group will continue to benefit from client interest in higher yielding, yet safe, fixed income investments. In the coming year we hope to increase trading volume and help more investors benefit from the MBS market.

Municipal Bonds

In 2002, lackluster equity markets and a faltering economy sent many investors to the relative safety of the fixed income markets - and in particular, municipal bonds. Fahnestock & Co. Inc. saw record participation in this sector as individual investors increased the weighting of municipal bonds in their portfolios. Our underwritten offerings were expanded both in volume and geographic reach as we added new markets in Boston and Minneapolis.

Taxable Fixed Income

It was a record year for the Taxable Fixed Income Department with revenues up 60% year over year. Economic uncertainty and geopolitical concerns kept interest rates at their lowest levels in forty years. The difficult environment resulted in investors seeking safety in bonds, and the volatility in the market presented tremendous opportunity for our clients. Investors, listening to the advice of their financial consultants, realized that fixed income investments should receive an expanded allocation of an investment portfolio. Meanwhile, our selling group participation in both the New Issue Bond and Corporate Backed Trust Preferred market totalled over 725 transactions. We expect that improving credit trends in corporate markets should continue as the economy improves, and this, coupled with our ability to identify new opportunities in the market, will allow us to continue to provide valuable advice on improving corporate credits.

Fadel Gheit, Executive Vice President, Fahnestock Research being interviewed at Fahnestock's trading room in a recent television appearance.

FAHNESTOCK VINER HOLDINGS INC.

2002 FINANCIAL REVIEW

The Company's financial statements have been prepared in accordance with Canadian GAAP. These principles conform in all material respects with U.S. GAAP, as described in Note 3 to the consolidated financial statements. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto which appear elsewhere in this annual report.

Critical Accounting Policies

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

Valuation of Securities and Other Assets

Substantially all financial instruments are reflected in the consolidated financial statements at fair value or amounts that approximate fair value, these include cash equivalents; deposits with clearing organizations; securities owned; and securities sold but not yet purchased. Where available, the Company uses prices from independent sources such as listed market prices, or broker or dealer price quotations. In addition, even where the value of a security is derived from an independent market price or broker or dealer quote, certain assumptions may be required to determine the fair value. For instance, the Company generally assumes that the size of positions in securities that the Company holds would not be large enough to affect the quoted price of the securities if the Company were to sell them, and that any such sale would happen in an orderly manner. However, these assumptions may be incorrect and the actual value realized upon disposition could be different from the current carrying value.

Intangible Assets and Goodwill

Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. SFAS No. 142, "Goodwill and Other Intangible Assets," provides that goodwill is no longer amortized and the value of identifiable intangible assets must be amortized over their useful lives, unless the asset is determined to have an indefinite useful life. Intangible assets consist of goodwill related to the acquisitions of First of Michigan Corporation, Prime Charter Ltd. and Josephthal & Co. Inc. This goodwill was allocated to the private client and capital markets reporting unit pursuant to SFAS No. 142. The Company has engaged a national accounting firm to perform an independent valuation of assets acquired and liabilities assumed with respect to the acquisition of the U.S. Private Client and Asset Management Divisions of CIBC World Markets in 2003. These amounts will involve significant estimates and will be reported in the Company's Form 10-Q for the quarterly period ending March 31, 2003.

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

Reserves

The Company records reserves related to legal proceedings in "other payables and accrued expenses". The determination of the amounts of these reserves requires significant judgment on the part of management. Management considers many factors including, but not limited to: the amount of the claim; the amount of the loss in the client's account; the basis and validity of the claim; the possibility of wrong doing on the part of an employee of the Company; previous results in similar cases; and legal precedents and case law as well as the timing of the resolution of such matters. Each legal proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded as a charge to results in that period. The assumptions of management in determining the estimates of reserves may be incorrect and the actual disposition of a legal proceeding could be greater or less than the reserve amount.

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

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

Controls and Procedures

Within 90 days prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective. No significant changes were made in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Business Environment

Fahnestock Viner Holdings Inc. is a holding company whose principal subsidiary is Fahnestock & Co. Inc. ("Fahnestock"). Fahnestock provides securities brokerage, investment banking, trust and asset management services to its clients from 89 offices across the U.S.A. and an office in Toronto, Canada and associated offices in Caracas, Venezuela and Buenos Aires, Argentina. Fahnestock is licensed to offer brokerage and other financial services in all 50 States. Client assets entrusted to the Company as at December 31, 2002 totalled approximately $17.8 billion. The Company provides investment advisory services through Fahnestock Asset Management, operating as a division of Fahnestock. Client assets under management by the asset management groups totaled $869 million at December 31, 2002. Fahnestock also engages in proprietary trading of securities. In addition, the Company operates a discount brokerage business based in Edison, NJ, through Freedom Investments, Inc.

The securities industry is highly competitive and sensitive to many factors and is directly affected by general economic and market conditions, including the volatility and price level of securities markets; the volume, size, and timing of securities transactions; the demand for investment banking services and changes in interest rates, all of which have an impact on commissions, trading and investment income as well as on liquidity. In addition, a significant portion of the Company's expenses are relatively fixed and do not vary with market activity. Consequently, substantial fluctuations can occur in the Company's revenues and net income from period to period due to these and other factors.

In addition, the Company faces competition from commercial banks and other sources as these institutions offer more investment banking and financial services traditionally only provided by securities firms. The effect of the consolidation of the securities industry of recent years means that a variety of financial services companies have merged to offer a broader spectrum of investment products and such competitors have substantially greater financial resources than the Company. The Company is also experiencing increasing regulation in the securities industry, particularly affecting the over-the-counter markets, making compliance with regulations more difficult and costly. At present, the Company is unable to predict the extent of changes, or the effect on the Company's business.

Outlook

The Company's long term plan is to continue to expand existing offices by hiring experienced professionals, thus maximizing the potential of each office and the development of existing trading, investment banking, investment advisory and other activities. Equally important is the search for viable acquisition candidates. As opportunities are presented, it is the long-term intention of the Company to pursue growth by acquisition where a comfortable match can be found in terms of corporate goals and personnel and at a price that would provide the Company's shareholders with incremental value. In the near term, the Company will not be seeking additional acquisitions, but will focus its attention on the integration of recent acquisitions, including the significant acquisition in 2003 of the U.S. private client and asset management business of CIBC World Markets.

Results of Operations

Results for the year reflect continued difficult conditions in the investment environment. Domestic and world events, the aftermath of terrorism, revelations of corporate misconduct and greed, accounting problems, general failures of our nation's corporate structures to operate in the best interests of their many constituencies, and finally, a deteriorating international situation with impending war on Iraq and the potential of nuclear confrontation on the Korean peninsula, substantially impacted capital markets and the Company's results.

However, the impact of difficult business conditions provided the opportunity for expansion of the company's business. As a result, the Company followed two acquisitions in the latter part of 2001 with

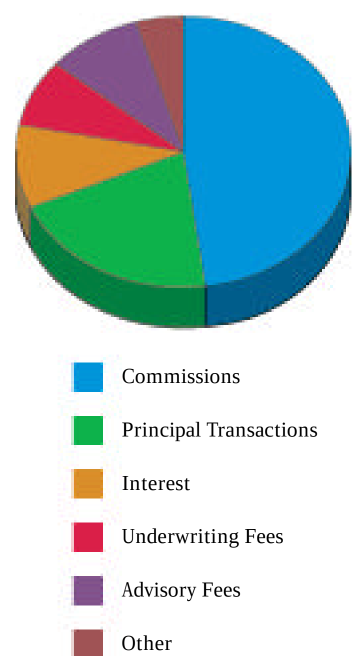
The following table and discussion summarizes the changes in the major revenue and expense categories for the past two years (in thousands of dollars).

Period to Period Change

Increase (Decrease)

	2002 versus 2001 Amount	2002 versus 2001 Percentage	2001 versus 2000 Amount	2001 versus 2000 Percentage
Revenues-				
Commissions	$ 13,475	11%	$ (6,643)	-5%
Principal transactions, net	1,853	3%	(28,046)	-33%
Interest	(6,687)	-19%	(29,387)	-46%
Underwriting fees	11,805	108%	1,641	18%
Advisory fees	1,861	8%	2,740	13%
Other	(235)	-2%	4,457	53%
Total revenues	$ 22,072	8%	(55,238)	-17%
Expenses-				
Compensation	20,972	14%	(6,043)	-4%
Clearing and exchange fees	3,595	60%	(1,193)	-17%
Communications	8,446	36%	308	1%
Occupancy costs	7,217	46%	3,226	26%
Interest	(5,692)	-40%	(19,051)	-58%
Other	6,229	29%	7,615	55%
Total expenses	40,767	18%	(15,138)	-6%
Profit before taxes	(18,695)	-59%	(40,100)	-56%
Income taxes	(7,092)	-57%	(18,349)	-60%
Net profit	$ (11,603)	-61%	$ (21,751)	-53%

Composition of 2002 Revenue



the acquisition of the business of BUYandHOLD Securities in March 2002.

On March 12, 2002, the Company acquired, through Freedom Investments, Inc., the business of BUYandHOLD Securities Corporation. BUYandHOLD is an online retail brokerage firm headquartered in Edison, NJ and provides its approximately 90,000 clients with a dollar-based investing platform. The acquisition added important proprietary technology, as well as revenues.

On January 3, 2003 the Company acquired the U.S. private client division and agreed at a later date to acquire the U.S. asset management business of CIBC World Markets. This business, currently operating as the Oppenheimer & Co. division of Fahnestock, will affect the results of future periods, with the addition of approximately 620 financial consultants in 18 branch offices and client assets of approximately $30 billion. This acquisition more than doubles the Company's retail exposure and asset base and will be included in the Company's 2003 results.

Fiscal 2002 compared to Fiscal 2001

Results for fiscal 2002 reflected continued difficult conditions in the investment environment. The combined impact of rising unemployment levels, adverse import/export flows and slowing business conditions has overcome the normal impact of record low interest rates and the prospect of lower tax rates to produce low market volumes and overall declining prices.

Revenues in fiscal 2002 increased compared to fiscal 2001 by 8% as a result of the acquisition of Josephthal and Prime Charter in the latter part of 2001 and BUYandHOLD in March 2002. Net profit declined by 61% in fiscal 2002 compared to fiscal 2001 as a result of poor market conditions and substantial expenses associated with these recent acquisitions, including integration costs of combining facilities, severance payments associated with combining personnel and most significantly, costs of litigation for claims which preceded the Company's acquisitions of these entities.

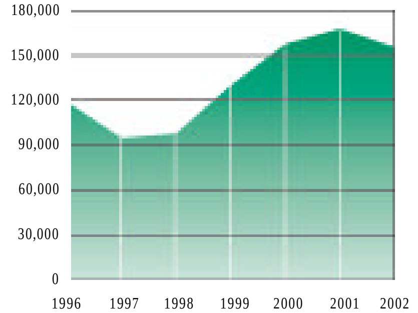
Total revenues for 2002 were $283,333,000 an increase of 8% over $261,261,000 in 2001. Commission income (income realized in securities transactions for which the Company acts as agent) increased 11% to $135,747,000 in 2002 from $122,272,000 in 2001. This increase was the result of the additional business generated by Josephthal, Prime Charter and BUYandHOLD, which more than offset generally lower commission levels in the weaker markets of 2002 compared to 2001. Revenues from principal transactions (revenues from transactions in which the Company acts as principal in the secondary market trading of over-the-counter equities and municipal, corporate and government bonds) increased by 3% to $58,227,000 in 2002 from $56,374,000 in 2001 due to stronger activity in the trading of fixed income securities as a result of lower interest rates and higher bond prices in 2002 compared to 2001. The Company has reduced the number of securities in which it makes markets. It may increase or decrease this number as conditions warrant. Underwriting fees increased by 108% to $22,760,000 in 2002 from $10,955,000 in 2001 related to increased participation in the issuance of closed-end funds and debt securities. Demand for these products increased in 2002 as investors sought new investment vehicles. Advisory fees increased by 8% to $26,365,000 in 2002 from $24,504,000 in 2001 primarily as a result of the acquisition of the business of BUYandHOLD Securities Corporation in March 2002. BUYandHOLD provides a fee-based investing approach to retail investors.

Interest income in 2002 was $27,622,000, a decrease of 19% from $34,309,000 in 2001. Interest expense was $8,379,000, a decrease of 40% from $14,071,000 in 2001. This represents a decrease of 5% in net interest revenue (interest revenue less interest expense) in 2002 compared to 2001, which can be attributed to a decrease in average customer margin balances and lower interest rates in 2002 compared to 2001.

Expenses in 2002 totalled $270,416,000, an increase of 18% compared to $229,649,000 in 2001. The increase in expenses can be attributed to the acquisitions of Josephthal and Prime Charter in the latter part of 2001 and the business of BUYandHOLD in March 2002. Compensation and related costs in 2002 were $169,810,000, an increase of 14% from $148,838,000 in 2001. Compensation expense has volume-related components and increases with increases in commission business conducted in 2002 compared to 2001, as well as increased retention and severance costs and a general increase in staff levels in both acquired branch offices and in head office departments which were required to handle the business volume of the larger entity. Clearing and exchange fees in 2002 were $9,607,000, an increase of 60% from $6,012,000 in 2001. These expenses increased in 2002 compared with 2001 with increased volume and with the increased size of the sales force. In addition, until November, 2002, the business generated from the former Prime Charter branches was being cleared by a third party as was the business of BUYandHOLD until June, 2002. The cost of third party clearing is higher than the cost of clearing trades in-house. Communications expenses in 2002 were $32,066,000, an increase of 36% over $23,620,000 in 2001 reflecting additional costs of a larger branch system, after the acquisition of Josephthal and Prime Charter. Occupancy costs in 2002 were $22,908,000, an increase of 46% compared to $15,691,000 in 2001 as a result of increasing the size of the organization with the acquisition of Josephthal and Prime Charter in 2001. The increase in communications, technology and occupancy expenses reflects the additional costs associated with connecting and housing 51% more financial consultants in 15 more branch offices in 2002 compared to September 16, 2001, before the acquisitions of Josephthal and Prime Charter. Occupancy costs were also significantly impacted by costs associated with underutilized space that will be utilized in 2003 and future years by post year-end acquisitions. Other expenses were $27,646,000, an increase of 29% over $21,417,000 in 2001. The increase relates primarily to the increased depreciation and amortization expense levels because of the larger organization, as well as to increased bad debt expense and costs of litigation.

Regulatory Net Capital of Fahnestock & Co. Inc.

(Expressed in thousands of U.S. dollars)



Fiscal 2001 compared to Fiscal 2000

The Company experienced a decline in its revenues and net profit in 2001 compared to 2000. Revenues in fiscal 2001 decreased by 17% and net profit decreased by 53% compared to fiscal 2000. The effect of the acquisition of Josephthal and Prime Charter added to revenues and decreased net profit in the third and fourth quarters of 2001.

Total revenues for 2001 were $261,261,000 a decrease of 17% from $316,499,000 in 2000. Commission income (income realized in securities transactions for which the Company acts as agent) decreased 5% to $122,272,000 in 2001 from $128,915,000 in 2000. This decrease, while partially offset in the fourth quarter by the additional business generated by Josephthal and Prime Charter, is attributable to the extremely volatile trading environment encountered throughout 2001 compared to 2000 and most particularly post September 11, 2001. Revenues from principal transactions (revenues from transactions in which the Company acts as principal in the secondary market trading of over-the-counter equities and municipal, corporate and government bonds) decreased by 33% to $56,374,000 in 2001 from $84,420,000 in 2000 due to significantly reduced activity, and reduced spreads (the difference between bid and ask prices) in the NASDAQ markets, as a result of the decimalization of the NASDAQ markets effective in the third quarter of 2001. The Company has reduced the number of securities in which it makes markets. It may increase or decrease this number as conditions warrant. Underwriting fees in 2001 were $10,955,000, an increase of 18% compared to $9,314,000 in 2000 as a result of closing several large merger and acquisition deals in 2001. Advisory fees in 2001 were $24,504,000, an increase of 13% compared to $21,764,000 in 2000 as a result of increased fees from increased balances in money market funds.

Interest income was $34,309,000, a decrease of 46% over $63,696,000 in 2000. Interest expense was $14,071,000, a decrease of 58% from $33,122,000 in 2000. This represents a decrease of 34% in net interest revenue (interest revenue less interest expense) in 2001 compared to 2000, which can be attributed to a decrease in average customer margin balances and lower interest rates in 2001 compared to 2000. The lower gross interest revenue and interest expense are also attributable to discontinuing a matched book business, which the Company operated between the fall of 2000 and the spring of 2001.

Expenses totalled $229,649,000, a decrease of 6% compared to $244,787,000 in 2000. The decrease is due, in part, to lower variable expenses which decrease as the volume of business decreases, such as compensation and related expenses and clearing and exchange fees, and in part to the decrease in interest expense. Compensation and related costs were $148,838,000, a decrease of 4% from $154,881,000 in 2000. Clearing and exchange fees were $6,012,000, a decrease of 17% from $7,205,000in 2000. Communications expenses were $23,620,000, an increase of 1% over $23,312,000 in 2000 reflecting additional costs in the last quarter of 2001, after the acquisition of Josephthal and Prime Charter. Occupancy costs were $15,691,000, an increase of 26% compared to $12,465,000 as a result of increasing the size of the organization with the acquisition of Josephthal and Prime Charter in 2001. The number of branch locations post-acquisitions is 92 compared to 70 prior to the acquisitions, an increase of approximately 31%. Other expenses were $21,417,000, an increase of 55% over $13,802,000 in 2001. The differences relate to higher provision for bad debts in 2001 and higher error account charges compared to 2000.

Liquidity and Capital Resources

The increase in the Company's assets in 2002 compared to 2001 is primarily attributable to increased receivables from brokers and clearing organizations as a result of increased stock borrow/stock loan balances. Customer related receivables and securities inventory are highly liquid and represent a substantial percentage of total assets. The principal sources of financing for the Company's assets are stockholders' equity, customer free credit balances, proceeds from securities lending, bank loans and other payables. The Company historically has not utilized long term financing. Cash generated from operations, increased earnings, proceeds from stock purchased by employee stock plans, and cash proceeds upon the exercise of employee stock options supplemented bank borrowings during the past three years. At December 31, 2002, Fahnestock had bank lines of credit and call loan arrangements with outstanding borrowings thereunder of $16,200,000. At December 31, 2002 Fahnestock had available collateralized and uncollateralized letters of credit of $34,500,000.

The Company paid cash dividends to its shareholders totalling $4,509,000, during 2002, from internally-generated cash.

During 2002, the Company purchased a total of 151,400 of its Class A non-voting shares at an average cost of $21.72 per share through the facilities of the New York Stock Exchange by way of a Normal Course Issuer Bid, using internally generated cash. The Company has expressed an intention to purchase up to an additional 555,400 of its shares from time to time until July 8, 2003 from internally generated funds.

Because of the Company's strong financial condition, size and earnings history, management believes adequate sources of credit would be available to finance higher trading volumes, branch expansion, and major capital expenditures, as needed.

On January 3, 2003 the Company acquired the U.S. Private Client and Asset Management businesses of CIBC World Markets for an aggregate purchase price of approximately $241 million, of which approximately $13 million was paid in cash at closing from cash on hand and the balance was paid from the proceeds of the issuance of debt instruments. A description of these instruments has been provided in note 16 to the consolidated financial statements. This acquisition more than doubles the Company's business. The interest due on the debentures, the principal of which amounts to approximately $161 million in aggregate, is payable semi-annually and will be financed from internally-generated funds. The principle payments on the zero coupon promissory notes will also be financed from internally-generated funds. The Company believes that the necessary internally-generated funds will be available to service this debt from normal operations which now include the acquired businesses.

In connection with the above-noted acquisition of the Private Client business from CIBC World Markets, the Company has arranged a credit facility in the amount of $50 million with CIBC. In January 2003 the Company borrowed $25 million under this facility and expects to borrow the balance in July 2003. The borrowings are being used to finance broker notes and are repayable, together with interest at the CIBC U.S. base rate plus 2%, over five years or earlier if any broker notes become due earlier.

Contractual and Contingent Obligations

The Company has contractual obligations to make future payments in connection with non-cancelable lease obligations, certain retirement plans and debt assumed upon the acquisition of Josephthal. Additional disclosure relating the Company's commitments appears in note 11 to the consolidated financial statements,

The following table sets forth these contractual and contingent commitments as at December 31, 2002. Commitments entered into in connection with the acquisition from CIBC World Markets in 2003 have not been included in this table.

Contractual Obligations
(In millions of dollars)

	2003	2004	2005	2006	There-after	Total
Minimum rentals	$15	$12	$10	$9	$38	$84
Supplemental Executive Retirement Plan	1	–	–	–	–	1
Assumed Josephthal notes	4	4	–	–	1	9
Total	$20	$16	$10	$9	$39	$94

Subsequent Event

In January 2003 the Company received monetary damages plus interest in the amount of approximately $22 million pursuant to an award by a National Association of Securities Dealers Dispute Resolution Panel against another broker dealer, in a raiding case involving the sales force of First of Michigan Corporation, a company acquired by Fahnestock in July 1997. These proceeds, which have been received, will be included in the Company's results for the first quarter of 2003.

Inflation

Because the assets of the Company's brokerage subsidiaries are highly liquid, and because securities inventories are carried at current market values, the impact of inflation generally is reflected in the financial statements. However, the rate of inflation affects the Company's costs relating to employee compensation, rent, communications and certain other operating costs, and such costs may not be recoverable in the level of commissions charged. To the extent inflation results in rising interest rates and has other adverse effects upon the securities markets, it may adversely affect the Company's financial position and results of operations.

Risk Management

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

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

Market Risk

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

Operational Risk

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

Credit Risk

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

Legal and Regulatory Risk

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

Newly Issued Accounting Standards

The Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", and FIN No. 46, "Consolidation of Variable Interest Entities". The Company is reviewing this statement and these interpretations and does not expect their adoption to have a material impact on its financial results. The Company is reviewing SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" and has adopted the disclosure provisions, but does not intend to adopt the other provisions of this standard in 2003.

Factors Affecting "Forward-Looking Statements"

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

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Fahnestock Viner Holdings Inc. were prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies of the Company are described in Note 1 to the consolidated financial statements.

Management is responsible for the integrity and objectivity of the information contained in the consolidated financial statements. In order to present fairly the financial position of the Company and the results of its operations and its cash flows, estimates which are necessary are based on careful judgments and have been properly reflected in the consolidated financial statements. Management has established systems of internal control which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

PricewaterhouseCoopers LLP, the Company's independent auditors, conduct an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes a review and evaluation of the Company's systems of internal control, and such tests and procedures as they consider necessary in order to form an opinion as to whether the consolidated financial statements are presented fairly in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors is assisted in this responsibility by its Audit Committee, whose members are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls, consolidated financial statements, and the auditors' report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Albert G. Lowenthal
Chairman of the Board and
Chief Executive Officer

E.K. Roberts.
President and
Treasurer

February 25, 2003

AUDITORS' REPORT

To the Shareholders of
Fahnestock Viner Holdings Inc.

We have audited the consolidated balance sheets of Fahnestock Viner Holdings Inc. as at December 31, 2002 and 2001 and the consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three year period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.

On February 25, 2003, PricewaterhouseCoopers LLP (New York, New York) reported separately to the shareholders of the Company on financial statements for the same period, prepared in accordance with accounting principles generally accepted in the United States of America, which were prepared for inclusion in the Company's report on Form 10-K for the fiscal period ended December 31, 2002.

PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario
February 25, 2003

FAHNESTOCK VINER HOLDINGS INC.

CONSOLIDATED BALANCE SHEETS

As at December 31

Assets	2002	2001
	(Expressed in thousands of U.S. dollars)	
Current assets		
Cash and cash equivalents	**$ 16,115**	$ 24,217
Restricted deposits (note 4)	**7,440**	2,393
Deposits with clearing organizations	**3,606**	7,686
Receivable from brokers and clearing organizations	**492,094**	100,694
Receivable from customers	**392,929**	463,986
Securities owned, including amounts pledged, at market value (note 6)	**50,173**	50,575
Other	**45,430**	37,531
	1,007,787	687,082
Other assets		
Stock exchange seats (approximate market value $6,716; $8,155 in 2001)	**2,994**	3,018
Property, plant and equipment (note 5)	**8,488**	9,992
Goodwill	**11,957**	10,183
	23,439	23,193
	$1,031,226	$ 710,275

Liabilities and Shareholders' Equity	2002	2001
	(Expressed in thousands of U.S. dollars)	
Current liabilities		
Drafts payable	**$ 21,653**	$ 20,622
Bank call loans (note 7)	**16,200**	13,134
Payable to brokers and clearing organizations	**520,743**	179,212
Payable to customers	**162,343**	188,387
Securities sold, but not yet purchased, at market value (note 6)	**9,606**	8,921
Accounts payable and other liabilities	**50,988**	56,812
Income taxes payable	**2,057**	1,492
	783,590	468,580
Commitments and contingencies (note 12)		
Shareholders' equity		
Share capital (note 8)		
12,397,007 Class A non-voting shares (2001-12,337,085 shares)	**34,674**	34,460
99,680 Class B voting shares	**133**	133
	34,807	34,593
Contributed capital (note 9)	**5,028**	4,113
Retained earnings	**207,801**	202,989
	247,636	241,695
	$1,031,226	$ 710,275

Approved on behalf of the Board:

Director   Director

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Year Ended December 31

	2002	2001	2000
	(Expressed in thousands of U.S. dollars, except per share amounts)		
Revenue			
Commissions	**$ 135,747**	$122,272	$128,915
Principal transactions, net	**58,227**	56,374	84,420
Interest	**27,622**	34,309	63,696
Underwriting fees	**22,760**	10,955	9,314
Advisory fees	**26,365**	24,504	21,764
Other	**12,612**	12,847	8,390
	283,333	261,261	316,499
Expenses			
Compensation and related expenses	**169,810**	148,838	154,881
Clearing and exchange fees	**9,607**	6,012	7,205
Communications	**32,066**	23,620	23,312
Occupancy costs	**22,908**	15,691	12,465
Interest	**8,379**	14,071	33,122
Other	**27,646**	21,417	13,802
	270,416	229,649	244,787
Profit before income taxes	**12,917**	31,612	71,712
Income tax provision (note 10)	**5,370**	12,462	30,811
Net profit for year	**$ 7,547**	$ 19,150	$ 40,901
Earnings per share (note 11)			
– basic	**$ 0.61**	$ 1.55	$ 3.38
– diluted	**$ 0.59**	$ 1.50	$ 3.29

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended December 31

	2002	2001	2000
		(Expressed in thousands of U.S. dollars)	
Share capital			
Balance at beginning of year	**$34,593**	$30,019	$ 32,987
Issue of Class A non-voting shares	**3,503**	4,723	948
Repurchase of Class A non-voting shares for cancellation	**(3,289)**	(149)	(3,916)
Balance at end of year	**$34,807**	$34,593	$ 30,019
Contributed capital			
Balance at beginning of year	**$4,113**	$3,499	$ 3,262
Tax benefit from employee stock options exercised	**915**	614	237
Balance at end of year	**$5,028**	$4,113	$ 3,499
Retained earnings			
Balance at beginning of year	**$202,989**	$188,282	$ 151,139
Cumulative effect of a change in accounting principle (notes 2a and 3a)	**1,774**	—	—
Net profit for year	**7,547**	19,150	40,901
Dividends paid	**(4,509)**	(4,443)	(3,758)
Balance at end of year	**$207,801**	$202,989	$ 188,282
Total Shareholders' Equity	**$247,636**	$241,695	$ 221,800

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended December 31

	2002	2001	2000
	(Expressed in thousands of U.S. dollars)		
Cash flows from operating activities:			
Net profit for year	**$ 7,547**	$19,150	$ 40,901
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:			
Non-cash items included in net profit:			
Depreciation and amortization	**4,864**	3,974	3,472
Loss on disposal of fixed assets	—	443	—
Decrease (increase) in operating assets net of the effect of acquisitions:			
Restricted deposits	**(5,047)**	319	(320)
Securities purchased under agreement to resell	—	23,500	51,060
Deposits with clearing organizations	**4,080**	(1,769)	38
Receivable from brokers and clearing organizations	**(391,400)**	37,463	6,110
Receivable from customers	**71,057**	(35,404)	7,738
Securities owned	**699**	1,524	11,701
Other assets	**(7,899)**	(6,116)	(3,244)
Increase (decrease) in operating liabilities net of the effect of acquisitions:			
Drafts payable	**1,031**	(5,842)	1,699
Securities sold under agreement to repurchase	—	(23,500)	(45,531)
Payable to brokers and clearing organizations	**341,531**	(42,938)	12,999
Payable to customers	**(26,044)**	63,853	(673)
Securities sold, but not yet purchased	**685**	498	(10,508)
Accounts payable and other liabilities	**(5,824)**	(9,941)	(5,504)
Tax benefit from employee stock options exercised	**915**	614	237
Income taxes payable	**565**	(3,487)	(16,606)
Cash (used in) provided by operating activities	**(3,240)**	22,341	53,569
Cash flows from investing activities:			
Purchase of Josephthal Group, Inc., net of cash acquired	—	3,139	—
Purchase of Grand Charter Group, net of cash acquired	—	(1,789)	—
Purchase of Propp & Company Inc., net of cash acquired	—	—	(768)
Purchase of the business of BUYandHOLD	**(2,297)**	—	—
Proceeds from sale of exchange seat	**24**	—	—
Purchase of property, plant and equipment	**(1,360)**	(1,009)	(1,821)
Cash (used in) provided by investing activities	**(3,633)**	341	(2,589)
Cash flows from financing activities:			
Cash dividends paid on Class A non-voting and Class B shares	**(4,509)**	(4,443)	(3,758)
Issuance of Class A non-voting shares	**3,503**	4,723	948
Repurchase of Class A non-voting shares for cancellation	**(3,289)**	(149)	(3,916)
Increase (decrease) in bank call loans	**3,066**	(13,265)	(40,423)
Cash used in financing activities	**(1,229)**	(13,134)	(47,149)
Net (decrease) increase in cash and cash equivalents	**(8,102)**	9,548	3,831
Cash and cash equivalents, beginning of year	**24,217**	14,669	10,838
Cash and cash equivalents, end of year	**$ 16,115**	$ 24,217	$ 14,669

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

GENERAL

Fahnestock Viner Holdings Inc. (the "Company") is incorporated under the laws of Ontario. The Company's principal subsidiary, Fahnestock & Co. Inc. ("Fahnestock") is a member of the New York Stock Exchange, the American Stock Exchange and several other regional exchanges in the United States.

1. Summary of significant accounting policies

These consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles. In all material respects, they conform with accounting principles generally accepted in the United States of America, as discussed in note 3. Disclosures reflected in these consolidated financial statements comply in all material respects with those required under accounting principles generally accepted in the United States of America.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates are related to income taxes and contingencies. Actual results could be materially different from these estimates.

Since operations are predominantly based in the United States of America, these consolidated financial statements are presented in U.S. dollars.

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

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. The major subsidiaries, wholly-owned and operated in the United States of America, are as follows:

Fahnestock & Co. Inc.	- broker/dealer in securities
Freedom Investments, Inc.	- discount broker in securities

Significant intercompany balances and transactions have been eliminated in the preparation of the consolidated financial statements.

(b) Brokerage operations

Transactions in proprietary securities and related revenues and expenses are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis, which is generally three business days after trade date. Related commission income and expense is recorded on a trade date basis. Securities owned and securities sold but not yet purchased are reported at market value generally based upon quoted prices. Realized and unrealized changes in market value are recognized in net trading revenues in the year in which the change occurs. Other financial instruments are carried at fair value or amounts that approximate fair value.

(c) Cash and cash equivalents

The Company defines cash equivalents as highly liquid investments with original maturities of less than 90 days that are not held for sale in the ordinary course of business.

(d) Drafts payable

Drafts payable represent amounts drawn by the Company against a bank.

(e) Goodwill

Goodwill arose upon the acquisitions of Fahnestock, Fahnestock International Inc., First of Michigan Capital Corporation, Josephthal Group, Inc., and Grand Charter Group Incorporated. Goodwill is subject to an annual test for impairment to determine if the fair value of goodwill of a reporting unit is less than its carrying amount. Goodwill has been tested for impairment as at December 31, 2002 and no such impairment was recorded.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of furniture and fixtures is provided on the straight-line basis generally over three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the life of the asset or the life of the lease.

(g) Foreign currency translations

Canadian currency balances have been translated into U.S. dollars as follows: monetary assets and liabilities at exchange rates prevailing at year end; revenue and expenses at average rates for the year; and non-monetary assets and share capital at historical rates.

(h) Income taxes

Future income tax assets and liabilities arise from "temporary differences" between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. Future tax balances are determined by applying the enacted tax rates.

(i) Securities lending activities

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

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

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

Included in receivable from brokers and clearing organizations are deposits paid for securities borrowed of $480,938,000 (2001 - $54,579,000). Included in payable to brokers and clearing organizations are deposits received for securities loaned of $514,213,000 (2001 - $153,966,000).

(j) Resale and repurchase agreements

Transactions involving purchases of securities under agreements to resell ("reverse repurchase agreements") or sales of securities under agreements to repurchase ("repurchase agreements") are treated as collateralized financing transactions and recorded at their contractual resale or repurchase amounts plus accrued interest.

The Company obtains possession of collateral with a market value equal to or in excess of the principal amount loaned under reverse repurchase agreements. Collateral is valued daily, and adjusted when appropriate.

(k) Revenues

Investment banking fees are recorded on offering date, sales concessions on settlement date and underwriting fees at the time the transaction is substantially completed and income is reasonably determinable. Management and investment advisory fees are recorded as earned.

(l) Interest paid

Included in interest paid is interest on short-term bank loans, subordinated debt, payments in lieu of interest on securities loaned and interest paid with respect to repurchase agreements.

(m) Stock-based compensation plans

The Company has a stock-based compensation plan, which is described in note 8. No compensation expense is recognized for this plan when stock options are issued to employees. Any consideration paid by employees on the exercise of stock options or purchase of stock is credited to share capital.

2. Impact of Recently Issued Accounting Pronouncements

(a) Goodwill and other intangible assets

In 2001 the CICA issued a new accounting standard for goodwill and other intangible assets. Under this standard, goodwill is no longer to be amortized but is subject to a revised annual impairment test to identify any potential goodwill impairment. A goodwill impairment loss will be recognized if the fair value of the goodwill of a reporting unit is less than its carrying amount. The standard also requires that intangible assets with indefinite useful lives no longer be amortized, but be subject to an annual impairment test comparing fair values to carrying amounts.

The Company adopted this standard effective January 1, 2002 without restatement of prior periods. In connection with the adoption of the new standard, the Company's recorded amount of goodwill of $11,957,000 is no longer subject to amortization but is being periodically measured for impairment. Such impairment test was performed as at January 1, 2002 and no impairment was recorded.

(b) Stock-based compensation and other stock-based payments

In 2001 the CICA issued a new accounting standard for stock-based compensation and other stock-based payments, which is effective for fiscal year 2003, with earlier adoption permitted. The new standard requires the use of a fair-value-based method to account for certain stock-based compensation arrangements. Options granted to the Company's employees are not required under the standard to be accounted for using a fair-value-based method. Accordingly there will be no change to the Company's existing accounting policies for these options. Pro forma fair-value based income and earnings per share disclosures will be required under the new standard. The Company has adopted the standard and has provided the proforma disclosures in note 3 and 11.

3. Differences between Canadian and United States generally accepted accounting principles

The consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles ("Cdn GAAP"). These principles conform with accounting principles generally accepted in the United States of America ("U.S. GAAP") except as relates to goodwill and other intangibles, as discussed below. U.S. GAAP disclosure requires reference to the following accounting standards:

(a) Goodwill and other intangibles

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards (SFAS) No. 141, " Business Combinations", and No. 142, "Goodwill and Other Intangible Assets". SFAS 141 mandates the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and establishes specific criteria for the recognition of intangible assets separately from goodwill. SFAS 142 addresses the accounting for goodwill and other intangible assets subsequent to their acquisition. Under the new rules, goodwill and other intangible assets deemed to have indefinite lives will no longer be amortized but, instead, will be tested at least annually for impairment. All other intangible assets will continue to be amortized over their estimated useful lives. The Company has fully adopted SFAS 141 and SFAS 142. New CICA standards with respect to accounting for intangibles have been harmonized with United States standards as disclosed in note 2(a) except with respect to the accounting treatment of "negative goodwill".

The standards of both countries require a write-off of unamortized "negative goodwill" in the amount of $1,774,000, which arose as a result of the acquisitions of Hopper Soliday Corporation and subsidiaries, Reich & Co., Inc. and Propp & Company Inc.. Negative goodwill represents the excess fair value of net assets acquired above the cost of acquisition. Under Canadian GAAP the write-off is taken as an adjustment to opening retained earnings and does not flow through the statement of operations. Under U.S. GAAP the write-off is recognized in the statement of operations as a gain from the cumulative effect of a change in accounting principle. Although the financial statement presentation differs, the effect of the application of both Canadian and U.S. GAAP on shareholders' equity results in the same U.S. $19.82 book value per share at December 31, 2002.

The following table reflects the effect of the amortization of goodwill on the results of operations as though FAS 142 had been adopted on January 1, 2001 and 2000, respectively.

	December 31,		
	2002	2001	2000
	(Expressed in thousands of U.S. dollars)		
Profit before cumulative effect of a change in accounting principle as reported	**$7,547**	$19,150	$40,901
Amortization of goodwill as reported	–	432	464
Profit before cumulative effect of a change in accounting principle as adjusted	**7,547**	19,582	41,365
Cumulative effect of a change in accounting principle as reported	**1,774**	–	–
Net profit as adjusted	**$9,321**	$19,582	$41,365
Basic earnings per share as reported	**$0.75**	$1.55	$3.38
-Before the cumulative effect of a change in accounting principle	**$0.63**	$1.55	$3.38
-Cumulative effect of a change in accounting principle	**$0.14**	–	–
Diluted earnings per share as reported	**$0.73**	$1.50	$3.29
Basic earnings per share as adjusted	**$0.75**	$1.59	$3.42
Diluted earnings per share as adjusted	**$0.73**	$1.53	$3.33

(b) Stock-based compensation

United States Financial Accounting Standards Board Statement No.123 "Accounting for Stock-Based Compensation" ("SFAS 123") was issued in 1995, and changed the method for accounting for stock compensation plans similar to those of the Company. Adoption of SFAS 123's fair value recognition method is optional. The Company has chosen to continue to apply Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock compensation plans. The Company is reviewing SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure", which was issued in 2002, and has adopted the disclosure provisions, but does not intend to adopt the other provisions of this standard in 2003.

In accordance with SFAS 123, the following presents the pro forma income and earnings per share impact, using a fair value calculation, of the Company's stock-based compensation. Amounts are expressed in thousands of U.S. dollars, except per share amounts.

	Year ended December 31,		
	2002	2001	2000
Net profit as reported	**$9,321**	$19,150	$40,901
Stock-based employee compensation expense included in reported net income	—	—	—
Additional compensation expense	**1,906**	1,843	1,383
Pro forma net profit	**$7,415**	$17,307	$39,518

	Year ended December 31, **2002**	2001	2000
Basic profit per share as reported	**$0.75**	$1.55	$3.38
Diluted profit per share as reported	**$0.73**	$1.50	$3.29
Pro forma basic profit per share	**$0.60**	$1.40	$3.26
Pro forma diluted profit per share	**$0.59**	$1.36	$3.18

(c) Recently Issued Accounting Standards

The Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", and FIN No. 46, "Consolidation of Variable Interest Entities". The Company is reviewing this statement and these interpretations and does not expect their adoption to have a material impact on its financial results. SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" is being reviewed but the Company does not intend to adopt this standard in fiscal 2003.

4. Restricted deposits

Deposits of $7,440,000 (2001 - $2,393,000) were held at year-end in a special reserve bank account for the exclusive benefit of customers in accordance with regulatory requirements. To the extent permitted, these deposits are invested in interest bearing accounts collateralized by qualified securities.

5. Property, plant and equipment

			2002	2001
		(Expressed in thousands of U.S. dollars)		
	Cost	Accumulated depreciation	**Net book value**	Net book value
Furniture, fixtures and equipment	$26,321	$18,926	**$7,395**	$8,458
Leasehold improvements	5,534	4,441	**1,093**	1,534
	$31,855	$23,367	**$8,488**	$9,992

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

	2002	2001
	(Expressed in thousands of U.S. dollars)	
Securities owned consist of:		
Corporate equities	**$ 11,467**	$19,268
Corporate and sovereign debt	**16,522**	12,931
U.S. government and agency and state and municipal government obligations	**22,103**	15,833
Money market funds	**167**	2,540
Options and other	**81**	3
	$ 50,173	$50,575
Securites sold, but not yet purchased consist of:		
Corporate equities	**$ 5,049**	$ 4,057
Corporate debt	**3,935**	4,683
U.S. government and agency and state and municipal government obligations and other	**622**	181
	$ 9,606	$ 8,921

Securities owned and Securities sold, but not yet purchased, consists of trading and investment securities at fair values. At December 31, 2002, the Company has pledged securities owned of approximately $1,078,000 ($176,000 in 2001) as collateral to counterparties for securities loan transactions which can be sold or repledged.

7. Bank call loans

Bank call loans, primarily payable on demand, bear interest at various rates but not exceeding the broker call rate, which was 3% at December 31, 2002. These loans and certain unused lines, collateralized by firm and customer securities with market values of approximately $21,937,000 and $10,811,000, respectively, at December 31, 2002 are primarily with two U.S. money center banks. Details of the bank call loans are as follows:

December 31,	**2002**	2001	2000
	(Expressed in thousands of U.S. dollars)		
Year-end balance	**$16,200**	$13,134	$25,899
Weighted interest rate (at end of year)	**1.38%**	2.07%	7.09%
Maximum balance (at any month end)	**$49.281**	$37,666	$170,406
Average amount outstanding (during the year) (1)	**$19,760**	$12,836	$77,579
Weighted average interest rate (during the year) (2)	**2.10%**	4.80%	7.86%

(1) The average amount outstanding during the year was computed by adding amounts outstanding at the end of each month and dividing by twelve.

(2) The weighted average interest rate during the year was computed by dividing the actual interest expense by the average bank call loans outstanding at the end of each month.

Aggregate interest paid by the Company on a cash basis during the years ended December 31, 2002, 2001, and 2000 was $6,473,000, $9,406,000 and $33,061,000, respectively.

8. Share capital

The Company's authorized share capital, all of which is without par value, consists of (a) an unlimited number of first preference shares issuable in series; (b) an unlimited number of Class A non-voting shares; and (c) 99,680 Class B voting shares.

The Class A non-voting and the Class B voting shares are equal in all respects except that the Class A non-voting shares are non-voting.

The Company's issued and outstanding share capital is as follows (no first preference shares have been issued):

	2002	2001	2000
	(Expressed in thousands of U.S. dollars)		
12,397,007 (12,337,085 in 2001 and 11,990,969 in 2000) Class A non-voting shares	**$34,674**	**$34,460**	$29,886
99,680 Class B voting shares	**133**	133	133
	$34,807	$34,593	$30,019

Under the Company's 1996 Equity Incentive Plan as amended February 28, 2002 ("EIP"), the compensation and stock option committee of the board of directors of the Company may grant options to purchase Class A Shares to officers and key employees of the Company and its subsidiaries. Grants of options are made to the Company's independent directors on a formula basis. Options are generally granted for a five-year term and generally vest at the rate of 25% of the amount granted for each year held. The aggregate number of Class A non-voting shares that are available under the EIP is 3,815,000.

	2002		2001	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Options outstanding, beginning of year	**1,907,503**	**$17.36**	1,640,024	$15.46
Options granted	**383,128**	**$27.14**	663,160	$16.28
Options exercised	**(211,322)**	**$16.57**	(352,216)	$13.41
Options forfeited	**(100,350)**	**$26.35**	(43,465)	$18.21
Options outstanding, end of year	**1,978,959**	**$20.16**	1,907,503	$17.36
Options vested, end of year	**462,185**	**$16.13**	304,896	$12.93

The following table summarizes stock options outstanding and exercisable as at December 31, 2002.

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price of outstanding options	Number exercisable (vested)	Weighted average exercise price of vested options
$13.875-$19.875	1,000,311	1.27 Years	$15.66	455,185	$16.04
$19.875-$28.759	978,648	3.63 years	$24.86	7,000	21.50
$13.875-$28.75	1,978,959	2.41 years	$20.16	462,185	$16.13

The Company has not issued any Class A non-voting shares from Treasury to the Company's 401(k) plan during the last three fiscal years ended December 31, 2002.

In 2002, the Company paid cash dividends to holders of Class A non-voting and Class B shares as follows ($0.36 in 2001 and $0.31 in 2000):

Dividend per share	Record Date	Payment Date
$0.09	February 8, 2002	February 22, 2002
$0.09	May 3, 2002	May 17, 2002
$0.09	August 2, 2002	August 16, 2002
$0.09	November 8, 2002	November 22, 2002

The Company may purchase up to 620,700 Class A non-voting shares by way of a Normal Course Issuer Bid through the facilities of The Toronto Stock Exchange and/or the New York Stock Exchange. During the year ended December 31, 2002, the Company purchased 151,400 Class A non-voting shares for a total consideration of $3,289,000, of which 86,100 Class A non-voting shares were purchased pursuant to a Normal Course Issuer Bid which expired on July 4, 2002 and 65,300 Class A non-voting shares were purchased pursuant to a Normal Course Issuer Bid which expires July 8, 2003, unless terminated earlier (6,100 shares for $149,000 in 2001 and 244,600 shares for $3,916,000 in 2000).

9. Contributed capital

Contributed capital represents the tax benefit on the difference between market price and exercise price on employee stock options exercised.

10. Income taxes

The income tax provision shown in the consolidated statement of operations is reconciled to amounts of tax that would have been payable (recoverable) from the application of combined federal, state, provincial and local tax rates to pre-tax profit as follows:

	2002	2001	2000
	(Expressed in thousands of U.S. dollars)		
Profit before income tax	**$12,917**	$31,612	$71,712
U.S. federal tax at 35%	**$ 4,524**	$11,092	$25,110
Canadian tax at 44%	**74**	—	—
Combined state and local tax, net of federal tax benefit	**653**	1,977	5,846
Income taxes before under-noted	**5,251**	13,069	30,956
Tax effect of non-taxable interest and dividends	**(148)**	(143)	(258)
Tax effect of differences between accounting and taxable income	**267**	(464)	113
Income taxes	**$ 5,370**	$12,462	$30,811
Profit before income tax provision			
Canadian operations	**$ (10)**	$ (78)	$ (32)
U.S. operations	**$12,927**	$31,690	$71,744

Income taxes included in the consolidated statements of income represent the following:

December 31	2002	2001	2000
	(Expressed in thousands of U.S. dollars)		
Current:			
Canadian tax	**$ 74**	—	—
U.S. federal tax	**5,176**	$ 9,878	$22,767
State and local tax	**1,226**	3,157	9,231
	6,476	13,035	31,998
Future:			
U.S. federal tax	**(885)**	(458)	(950)
State and local tax	**(221)**	(115)	(237)
	(1,106)	(573)	(1,187)
	$5,370	$12,462	$30,811

Aggregate future income tax assets, which relate primarily to fixed assets and currently non-deductible expenses, are included in other assets and amounted to approximately $5,966,000 ($4,142,000 in 2001).

On a cash basis, the Company paid income taxes for the years ended December 31, 2002, 2001 and 2000 in the amounts of $8,411,000, $14,918,000 and $46,163,000, respectively.

11. Earnings per share

Basic earnings per share was computed by dividing net profit by the weighted average number of Class A non-voting and Class B shares outstanding. Diluted earnings per share includes the weighted average Class A non-voting and Class B shares outstanding and the effects of Class A non-voting share options using the treasury stock method.

Earnings per share has been calculated as follows:

	2002	2001	2000
Basic weighted average number of shares outstanding	**12,429,264**	12,348,051	12,108,798
Stock options	**280,278**	421,783	308,053
Diluted common shares	**12,709,542**	12,769,834	12,416,851
Net profit	**$7,547,000**	$19,150,000	$40,901,000
Basic profit per share	**$0.61**	$1.55	$3.38
Diluted profit per share	**$0.59**	$1.50	$3.29

Stock-based compensation

In accordance with new CICA standards described in note 2 the following presents pro forma income and earnings per share impact, using a fair-value-based calculation, of the Company's stock-based compensation. Amounts are expressed in thousands of U.S. dollars except per share amounts.

	Year ended December 31, 2002	2001	2000
Net profit as reported	**$7,547**	$19,150	$40,901
Additional compensation expense	**1,906**	1,843	1,383
Pro forma net profit	**$5,641**	$17,307	$39,518
Basic profit per share as reported	**$0.61**	$1.55	$3.38
Diluted profit per share as reported	**$0.59**	$1.50	$3.29
Pro forma basic profit per share	**$0.45**	$1.40	$3.26
Pro forma diluted profit per share	**$0.44**	$1.36	$3.18

For purposes of the pro forma presentation, the Company determined fair value using the Black-Scholes option pricing model with the following weighted average assumptions for grants in fiscal 2002, 2001 and 2000, respectively: expected dividend yields 1.4%, 1.4% and 1.5%; risk-free interest rates ranging from 3.75% to 4.55%, 3.76% to 5.07%, and 5.11% to 6.80%; expected volatility ranging from 27% to 28%, 27% to 29%, and 21% to 29%; and expected life of 5 years. The weighted average fair value of options granted during 2002, 2001 and 2000, respectively was $1,946,000, $3,741,000 and $952,000. The fair value is being amortized over five years on an after-tax basis, where applicable for purposes of pro forma presentation. Stock options generally expire five years after the date of grant or three months after the date of retirement, if earlier. Stock options generally vest over a five year period with 0% in year one, 25% of the shares becoming exercisable on each of the next three anniversaries of the grant date and the balance vesting in the last six months of the option life. The vesting period is at the discretion of the Compensation and Stock Option Committee and is determined at the time of grant.

The calculation of fair value in this pro forma presentation are not indicative of future amounts because it does not take into consideration future grants, any difference between actual and assumed forfeitures.

12. Commitments and contingencies

The Company and its subsidiaries have operating leases for office space and capital leases for equipment expiring at various dates through 2013. Future minimum rental commitments under such office and equipment leases as at December 31, 2002 are as follows:

2003	$15,000,000
2004	12,024,000
2005	9,774,000
2006	9,060,000
2007 and thereafter	38,149,000
Total	$84,007,000

Certain of the leases contain provisions for rent escalation based on increases in costs incurred by the lessor.

(b) The Company's rent expense for the years ended December 31, 2002, 2001 and 2000 was $14,108,000, $10,909,000 and $8,233,000, respectively.

(c) The Company, through its subsidiaries, maintains a defined contribution plan covering substantially all full-time U.S. employees. The Fahnestock plan provides that Fahnestock may make discretionary contributions. For certain employees who were formerly employed by First of Michigan Corporation ("FOM"), contributions are made in accordance with the terms of the plan document.

FOM sponsors an unfunded Supplemental Executive Retirement Program ("SERP"), which is a non-qualified plan that provides certain former officers additional retirement benefits. Benefits payable under the SERP were approximately $1,337,000 at December 31, 2002.

The Company made contributions to the plans of $1,398,000, $1,525,000 and $2,503,000 in 2002, 2001 and 2000, respectively.

(d) On November 30, 2000 the Company established an Executive Deferred Compensation Plan ("EDCP") in order to offer to certain qualified high-performing financial consultants, a bonus based upon a formula reflecting years of service, gross commissions and a valuation of their clients' assets. The bonus amounts calculated with respect to fiscal 2002 total approximately $966,000 ($1,167,000 in 2001, $900,000 in 2000) and will normally vest five years from the end of the related fiscal year. The liability is being recognized on a straight-line basis over the vesting period. The amount expensed in 2002 was $373,000.

(e) At December 31, 2002, the Company has collateralized and uncollateralized letters of credit for $34,500,000. Collateral for these letters of credit include marketable securities of approximately $17,521,000, pledged to one financial institution.

(f) The Company is involved in certain litigation arising in the ordinary course of business. Management believes, based upon discussions with legal counsel, that the outcome of this litigation will not have a material effect on the Company's financial position. The materiality of legal matters to the Company's future operating results depends on the level of future results of operations as well as the timing and ultimate outcome of such legal matters.

(g) The Company's major subsidiaries, Fahnestock and Freedom, are subject to the uniform net capital requirements of the Securities and Exchange Commission ("SEC") under Rule 15c3-1 (the "Rule"). Fahnestock computes its net capital requirements under the alternative method provided for in the Rule which requires that Fahnestock maintain net capital equal to two percent of aggregate customer related debit items, as defined in SEC Rule 15c3-3. At December 31, 2002, Fahnestock had net capital of $156,105,000, which was $147,310,000 in excess of the $8,795,000 required to be maintained at that date. Freedom computes its net capital requirement under the basic method provided for in the Rule which requires that Freedom maintain net capital equal to the greater of $250,000 or 6 2/3% of aggregate indebtedness, as defined. At December 31, 2002, Freedom had net capital of $2,877,000, which was $2,627,000 in excess of the $250,000 required to be maintained at that date.

(h) In accordance with the Securities and Exchange Commission's No Action Letter dated November 3, 1998, the Company has computed a reserve requirement for the proprietary accounts of introducing firms as of December 31, 2002. The Company had no deposit requirements as of December 31, 2002.

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

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

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

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

The Company's customer financing and securities lending activities require the Company to pledge customer securities as collateral for various financing sources such as bank loans and securities lending. At December 31, 2002, the Company had approximately $581 million of customer securities under customer margin loans that are available to be pledged of which the Company has repledged approximately $64,584,000 under securities loan agreements. In addition, the Company has received collateral of approximately $462,806,000 under securities borrow agreements of which the Company has repledged approximately $446,956,000 as collateral under securities loans agreements. Included in receivable from brokers and clearing organizations are receivables from three major U.S. broker-dealers totaling $260,977,000.

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

As part of its trading strategy, the Company uses derivative financial instruments from time to time. Included in net revenues from principal transactions for the year ended December 31, 2002 were net gains from derivatives of approximately $710,000.

At December 31, 2002 the Company had outstanding commitments to buy and sell of $4,667,000 and $1,160,000, respectively, of mortgage-backed securities on a when issued basis. These commitments have off-balance sheet risks similar to those described above.

14. Acquisitions

On March 12, 2002, through its wholly-owned subsidiary, Freedom Investments, Inc., the Company acquired the business operated by BUYandHOLD Securities Corporation and affiliates for cash consideration of $2,297,000. BUYandHOLD is an online brokerage business headquartered in Edison, NJ, which provides its customers with a dollar-based investing platform. BUYandHOLD operates as a division of Freedom Investments, Inc. and its results since the date of acquisition have been included in these consolidated financial statements. The acquisition furthers the Company's growth and expansion and adds to its client base, as well as providing additional managerial expertise. The acquisition was accounted for by the purchase method. The following table summarizes the estimated fair value of assets acquired.

Securities owned, at market value	$297,000
Furniture, fixtures and equipment	2,000,000
Purchase price paid	$2,297,000

Presented below are unaudited pro forma consolidated results of operations. Amounts presented for 2002 and 2001 give effect to the acquisition of the business of BUYandHOLD Securities Corporation and affiliates as if the transaction was consummated as at January 1, 2001. The pro forma information is for comparative purposes only and is not indicative either of the actual results that would have occurred if the acquisition had been consummated at the beginning of the period presented, or of future operations of the combined companies. The Company has realized significant cost savings as a result of the consolidation of the operations of BUYandHOLD with the Company's business, which is not reflected in this pro forma presentation. The BUYandHOLD division has generated a positive contribution to consolidated net profit since the conversion of its client accounts to the Fahnestock platform in September 2002.

(Unaudited)	Year ended December 31, **2002**	2001
	(Expressed in thousands of U.S. dollars)	
Revenue	$285,511	$270, 479
Profit before tax from operations	$11,851	$23,607
Net profit	$6,874	$13,692
Basic earnings per share	$0.55	$1.11
Diluted earnings per share	$0.54	$1.07

15. Related Party Transactions

The Company has notes and accounts receivable for employees, net, of approximately $17,012,000 at December 31, 2002. These amounts will be forgiven over a three-year service period from the initial date of the loan and are contingent on their continued employment with the Company. The unamortized portion of the notes become due on demand in the event the employee departs during the service period.

At December 311, 2002, Fahnestock has an outstanding guarantee of debt of approximately $6,200,000 that arose as a result of the acquisition of Josephthal Group, Inc.

16. Segment Information

The Company has determined its reportable segments based on the Company's method of internal reporting, which disaggregates its retail business by branch and its proprietary and investment banking businesses by product. The Company's segments are: Private Client which includes all business generated by the Company's 89 branches, including commission and fee income earned on client transactions, net interest earnings on client margin loans and cash balances, stock loan activities and financing activities; Capital Markets which includes market-making activities in over-the-counter equities, institutional trading in both fixed income and equities, structured assets transactions, bond trading, trading in mortgage-backed securities, corporate underwriting activities, public finance activities, and syndicate participation; and Asset Management which includes fees from money market funds and the investment management services of Fahnestock's asset management divisions employing various programs to professionally manage client assets either in individual accounts or in funds. The Company evaluates the performance of its segments and allocates resources to them based upon profitability.

In connection with the analysis done in conjunction with the adoption of SFAS No. 142, the Company has made changes to its reportable segments. Prior year results have been restated based on the composition of the new segments.

The table below presents information about the reported revenue and operating income (profit before income taxes) of the Company for the years ended December 31, 2002, 2001 and 2000. The Company's business is predominantly in the U.S. Asset information by reportable segment is not reported, since the Company does not produce such information for internal use.

	Year ended December 31, **2002**	2001	2000
	(Expressed in thousands of U.S. dollars)		
Revenue:			
Private Client	**$189,796**	$171,588	$215,515
Capital Markets	**73,005**	73,752	82,700
Asset Management	**17,497**	15,266	13,347
Other	**3,035**	655	4,937
Total	**$283,333**	$261,261	$316,499
Operating Income:			
Private Client*	**$(12,488)**	$ 9,924	$30,722
Capital Markets	**14,418**	12,835	26,537
Asset Management	**13,219**	10,512	8,168
Other	**(2,232)**	(1,659)	6,285
Total	**$12,917**	$31,612	$71,712

* Losses in the Private client segment are the result of lower productivity as well as operating losses and acquisition costs relating to Josephthal, Prime Charter and BUYandHOLD and include litigation, settlement costs, retention and severance costs and the costs of under-utilized facilities.

17. Subsequent events

(a) Dividend

On January 24, 2003, a cash dividend of U.S.$0.09 per share (totalling $1,149,000) was declared payable on February 28, 2003 to Class A non-voting and Class B shareholders of record on February 14, 2003.

(b) Acquisition

On January 3, 2003, the Company acquired the U.S. Private Client Division of CIBC World Markets ("World Markets") from the Canadian Imperial Bank of Commerce ("CIBC") and agreed to complete, at a later date, the acquisition of the U.S. Asset Management Division of World Markets. The Private Client Division employs approximately 620 brokers in 18 branch offices located across the United States. Client assets at December 31, 2002 were approximately $30 billion. The acquisition more than doubles the Company's private client presence and provides managerial expertise to the organization. The acquisition will be accounted for by the purchase method. The Company has engaged an independent valuator to identify and value tangible and intangible acquired.

The aggregate purchase price of approximately $241 million was paid as follows:

$13 million	paid by Fahnestock in cash at closing from cash on hand
$2 million	will be paid by Fahnestock in cash upon completion of the acquisition of the Asset Management Division from cash on hand
$65 million	was paid with the proceeds of the issuance by Viner Finance Inc, a wholly-owned subsidiary of the Company, to World Markets of a zero coupon promissory note (i)
$161 million	was paid with the proceeds of debentures issued by E.A. Viner International Co., a wholly-owned subsidiary of the Company, to CIBC (ii)

(i) The zero coupon promissory note matures in five years and is repayable as underlying employee loans receivable of approximately $65 million which were assigned to Viner Finance Inc. by World Markets become due. Such payments are to be made notwithstanding whether any of the employees' loans default.

(ii) Two debentures were issued. The first exchangeable debenture, in the principal amount of approximately $70 million, is exchangeable for approximately 3.1 million Class A Shares of the Company at the rate of $23.20 per share. The first exchangeable debenture matures in ten years, and bears interest at an annual rate of interest of 3% in the first year, 4% in years two through four, and 5% in years five through maturity. The convertible debenture, in the principal amount of approximately $91 million, is convertible into a second exchangeable debenture on the same terms as the first exchangeable debenture, subject to approval of the Company's Class A and Class B shareholders at the May 12, 2003 annual meeting. If shareholder approval is not obtained, the convertible debenture will mature in three years and will bear interest at 9.75% per annum from the date of January 6, 2003.

(iii) In addition, the Company has entered into a credit arrangement with CIBC wherein it has borrowed $25 million and may borrow a further $25 million, as required, to finance retention loans to the new employees.

(c) Arbitration Award

In January 2003 the Company received monetary damages plus interest in the amount of $21,750,000 pursuant to an award by a National Association of Securities Dealers Dispute Resolution Panel against another broker-dealer in a raiding case involving the sales force of First of Michigan Corporation, a company acquired by Fahnestock in July 1997. These proceeds, which have been received, will be included in the Company's results for the first quarter of 2003.

18. Quarterly Information (unaudited)

(Expressed in thousands of dollars, except per share amounts)

	Year ended December 31, 2002					**Year ended December 31, 2001**				
Fiscal Quarters	Fourth	Third	Second	First	Total	Fourth	Third	Second	First	Total
Revenue	$76,150	$68,522	$68,144	$70,517	$283,333	$77,142	$53,748	$56,876	$73,495	$261,261
Profit before income taxes	$5,614	$2,785	$1,912	$2,606	$12,917	$3,484	$5,657	$6,851	$15,620	$31,612
Net profit	$3,297	$1,735	$883	$1,632	$7,547	$2,780	$3,334	$3,919	$9,117	$19,150
Earnings per share:										
Basic	$0.27	$0.14	$0.07	$0.13	$0.61	$0.22	$0.27	$0.32	$0.74	$1.55
Diluted	$0.26	$0.14	$0.07	$0.13	$0.59	$0.22	$0.26	$0.30	$0.71	$1.50
Dividends per share	$0.09	$0.09	$0.09	$0.09	$0.36	$0.09	$0.09	$0.09	$0.09	$0.36
Market price of Class A Shares:										
High	$28.45	$23.15	$25.70	$28.88	$28.88	$28.35	$28.40	$29.25	$27.60	$29.25
Low	$19.77	$20.00	$21.26	$24.85	$19.77	$23.15	$24.30	$24.75	$22.00	$22.00

The price quotations above were supplied by the New York Stock Exchange.

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* members of the audit committee
◊ members of the compensation and stock option committee

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Annual Meeting

The Annual Meeting will be held at
Toronto Board of Trade Downtown Centre
1 First Canadian Place, 4th Floor
77 Adelaide Street West
Toronto, Canada

Monday, May 12, 2003 at 4:30 P.M.

The Company's financial information and press releases are available on its web site, www.fahnestock.com, under "About Fahnestock".

A copy of the company's Annual Report on Form 10-K is available by request.

Designed by Joseph Marcou Design Inc., Monroe Township, NJ

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SAN FRANCISCO, CA • ESTES PARK, CA • DANBURY, CT • SOUTHBURY, CT
TORRINGTON, CT • WALLINGFORD, CT • WATERBURY, CT • WESTPORT, CT
BOCA RATON, FL • FORT LAUDERDALE, FL • HALLANDALE, FL • MIAMI, FL
TAMPA, FL • ALPHARETTA, GA • ATLANTA, GA • CHICAGO, IL
HUTCHINSON, KS • TOPEKA, KS • WICHITA, KS • BOSTON, MA • FALL
RIVER, MA • ADRIAN, MI • ANN ARBOR, MI • BIRMINGHAM, MI
BLOOMFIELD HILLS, MI • DETROIT, MI • EAST LANSING MI
FRANKENMUTH, MI • GRAND BLANC, MI • GRAND RAPIDS
• GROSSE POINTE FARMS, MI • GROSSE POINTE
WOODS, MI • HOLLAND, MI • KALAMAZOO, MI
LAPEER, MI • PLYMOUTH, MI • PORT HURON, MI
SAGINAW, MI • STERLING HEIGHTS, MI • TRENTON, MI
WEST BLOOMFIELD, MI • MINNEAPOLIS, MN • JEFFERS
MO • KANSAS CITY, MO • ST. LOUI S, MO • OMAHA, NE
SCOTTSBLUFF, NE • PORTSMOUTH, NH • FAIRFIELD, NJ
FLORHAM PARK, NJ • PRINCETON, NJ • RED BANK, NJ
SUMMIT, NJ SANTA FE, NM • GLEN COVE, NY • GOSHEN,
GREAT NECK, NY • HAUPPAGE, NY • JERICHO, NY
MELVILLE, NY • NEWBURGH, NY • NEW YORK, NY
CINCINNATI, OH • PEPPER PIKE, OH • BETHLEHEM, PA
BLOOMSBURG, PA • DOYLESTOWN, PA • JENKINTOWN, PA
PHILADELPHIA, PA • PITTSBURGH, PA • POTTSVILLE, PA
SELINSGROVE, PA • SPRING HOUSE, PA • WORMLEYSBURG
ADDISON, TX • DALLAS, TX • HOUSTON, TX • BUENOS AIRES
ARGENTINA • CARACAS, VENEZUELA • SEATTLE, WA • WASHINGTO

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