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Fahnestock Viner Holdings Inc.

Interim Report to Shareholders

First Quarter March 31, 2001

Fahnestock Viner Holdings Inc.

Index

To the Shareholders:

Fahnestock Viner Holdings Inc. reported net profit of U.S. $9,117,000 or $0.74 per share for the first quarter of 2001, an increase of 19% in net profit compared to U.S. $7,654,000 or $0.63 per share in the fourth quarter of 2000 and a decrease of 51% in net profit compared to U.S. $18,580,000 or $1.53 per share for the first quarter of 2000. Revenue for the first quarter of 2001 was U.S. $73,495,000, a decline of less than 1% compared to U.S. $74,218,000 in the fourth quarter of 2000 and a decline of 29% compared to revenue of U.S. $103,392,000 in the first quarter of 2000. At March 31, 2001, shareholders' equity was approximately U.S. $233,460,000 and book value per share was U.S. $18.90 compared to book value per share of U.S. $16.76 at March 31, 2000, an increase of 13%.

The results of the first quarter of 2001 reflected the continued reluctance of retail investors to participate in uncertain markets, a sharp contrast to investor enthusiasm in the first quarter of 2000. The first quarter of 2000 produced the strongest quarter in the Company's history. The results of the first quarter of 2000 were driven by record market trading volume and record share prices on both the NASDAQ and listed markets. This year's first quarter produced excellent results when compared to the immediately preceding three quarters. Despite highly volatile market conditions in 2001 and investor uncertainty, when compared to the previous three quarters, the Company held its commission business steady and improved its revenues from both principal trading activities and underwriting fees. Lower U.S. interest rates resulted in reduced net interest costs in 2001 compared to 2000. While lower expectations prevail for the securities markets in the remainder of 2001, results are likely to continue to be respectable but unexciting. As we have done over the last 15 years, we will continue to build book value, we shall remain cognizant of the need to remain vigilant over expenses, and we will maintain our plan for our business and commitment to client service.

The weighted average number of Class A non-voting and Class B shares outstanding at March 31, 2001 was 12,304,735 compared to 12,182,624 outstanding at March 31, 2000, an increase of 1% due to the exercise of employee stock options.

The Company announced today a quarterly dividend in the amount of U.S. $0.09 per share, payable on May 18, 2001 to holders of Class A non-voting and Class B shares of record on May 4, 2001.

The Company through its principal subsidiary, Fahnestock & Co. Inc., is a U.S. regional broker-dealer offering a full range of services from 75 offices in 15 states and 3 foreign jurisdictions. In addition, through its subsidiary, Freedom Investments, Inc., the Company offers discount brokerage services.

On behalf of the Board,

E.K. Roberts,
President

Toronto, Canada
April 19, 2001

Fahnestock Viner Holdings Inc.

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2001	December 31, 2000
	Expressed in thousands of U.S. dollars	
ASSETS		
Current assets		
Cash and short-term deposits	$ 12,561	$ 14,669
Restricted deposits	2,807	2,712
Securities purchased under agreement to resell	1,301	23,500
Deposits with clearing organizations	5,416	5,917
Receivable from brokers and clearing organizations	590,631	130,657
Receivable from customers	343,182	428,582
Securities owned, at market value	44,626	51,543
Other	24,647	23,050
	1,025,171	680,630
Other assets		
Stock exchange seats (approximate market value $8,161; $8,258 in 2000)	3,018	3,018
Fixed assets, net of accumulated depreciation of $15,624; $14,961 in 2000	9,140	9,687
Goodwill, at amortized cost	4,038	4,147
	16,196	16,852
	$1,041,367	$697,482
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Drafts payable	$ 14,039	$ 26,464
Bank call loans	37,666	25,899
Securities sold under agreement to repurchase	455,155	23,500
Payable to brokers and clearing organizations	144,184	222,150
Payable to customers	102,188	124,534
Securities sold, but not yet purchased, at market value	12,631	8,153
Accounts payable and other liabilities	34,249	40,003
Income taxes payable	7,794	4,979
	807,906	475,682
Shareholders' equity		
Share capital		
12,255,285 Class A non-voting shares (2000 — 11,990,969 shares)	33,233	29,886
99,680 Class B voting shares	133	133
	33,366	30,019
Contributed capital	3,795	3,499
Retained earnings	196,300	188,282
	233,461	221,800
	$1,041,367	$697,482

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

Fahnestock Viner Holdings Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)

FOR THE THREE MONTHS ENDED MARCH 31,

	2001	2000
	Expressed in thousands of U.S. dollars	
Cash flows from operating activities:		
Net profit for the period	$ 9,117	$ 18,580
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
Non-cash items included in net profit:		
Depreciation and amortization	806	863
Decrease (increase) in operating assets:		
Restricted deposits	(95)	(289)
Securities purchased under agreement to resell	22,199	23,526
Deposits with clearing organizations	501	(5,120)
Receivable from brokers and clearing organizations	(459,974)	(26,926)
Receivable from customers	85,400	(124,135)
Securities owned	6,917	3,700
Other assets	(1,597)	(305)
Increase (decrease) in operating liabilities:		
Drafts payable	(12,425)	3,086
Securities sold under agreement to repurchase	431,655	(25,000)
Payable to brokers and clearing organizations	(77,966)	20,215
Payable to customers	(22,346)	34,054
Securities sold, but not yet purchased	4,478	1,514
Accounts payable and other liabilities	(5,754)	(1,268)
Tax benefit from employee stock options exercised	296	—
Income taxes payable	2,815	(7,310)
Cash used in operating activities	(15,973)	(84,815)
Cash flows from investing activities:		
Purchase of fixed assets	(150)	(244)
Cash used in investing activities	(150)	(244)
Cash flows from financing activities:		
Cash dividends paid on Class A non-voting and Class B shares	(1,099)	(855)
Issuance of Class A non-voting shares	3,347	14
Repurchase of Class A non-voting shares for cancellation	—	(2,208)
Subordinated loans payable	—	(30)
Increase in bank call loans	11,767	88,959
Cash provided by financing activities	14,015	85,880
Net (decrease) increase in cash and short-term deposits	(2,108)	821
Cash and short-term deposits, beginning of period	14,669	10,838
Cash and short-term deposits, end of period	$ 12,561	$ 11,659

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

Fahnestock Viner Holdings Inc.

Condensed Consolidated Statements of Operations (unaudited)

FOR THE THREE MONTHS ENDED MARCH 31,

	2001	2000
	Expressed in thousands of U.S. dollars, except per share amounts	
REVENUE:		
Commissions	$30,195	$38,232
Principal transactions, net	18,097	40,944
Interest	13,488	13,674
Underwriting fees	2,927	2,981
Advisory fees	5,662	5,768
Other	3,126	1,793
	73,495	103,392
EXPENSES:		
Compensation and related expenses	36,676	47,036
Clearing and exchange fees	836	2,289
Communications	5,823	6,020
Occupancy costs	2,899	3,265
Interest	6,831	6,650
Other	4,810	3,807
	57,875	69,067
Profit before income taxes	**15,620**	**34,325**
Income tax provision	**6,503**	**15,745**
NET PROFIT FOR PERIOD	**$ 9,117**	**$18,580**
Earnings per share		
— basic	$0.74	$1.53
— diluted	$0.71	$1.51

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

Notes to Condensed Consolidated Financial Statements

(unaudited)

1. Basis of Presentation

The condensed consolidated financial statements include the accounts of Fahnestock Viner Holdings Inc. (''FVH'') and its subsidiaries (together, the ''Company''). The principal subsidiary of FVH is Fahnestock & Co. Inc. (''Fahnestock''), a registered broker-dealer in securities. The Company engages in a broad range of activities in the securities industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), underwritings, research, market-making, and investment advisory and asset management services. The Company provides its services from 75 offices in 15 states located primarily in the Northeastern United States, Michigan, the Midwest and Florida. Fahnestock conducts business in Toronto, Canada and in South America through local broker-dealers. The Company employs approximately 1,260 people, of whom 735 are financial consultants.

The Company's condensed consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies as set out in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2000 included in the Company's 2000 Annual Report, except as noted below. Disclosures reflected in these condensed consolidated financial statements comply in all material respects with those required pursuant to the rules and regulations of the United States Securities and Exchange Commission (''SEC'') with respect to quarterly financial reporting.

The Company adopted the new Canadian Institute of Chartered Accountants (CICA) accounting standard on Earnings Per Share. This new section harmonizes Canadian standards with the United States standards for the calculation of diluted earnings per share. All earnings per share numbers have been retroactively restated and the changes are not significant.

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

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

2. Earnings per share

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:

	Three Months Ended March 31, 2001	2000
Basic weighted average number of shares outstanding	12,304,735	12,182,624
Net effect, treasury method	484,365	143,563
Diluted common shares	12,789,100	12,326,187
Net profit for the period	$ 9,117,000	$18,580,000
Basic earnings per share	$0.74	$1.53
Diluted earnings per share	$0.71	$1.51

3. Net Capital Requirements

The Company's principal broker-dealer subsidiary, Fahnestock, is subject to the Uniform Net Capital Rule (the ''Rule'') of the SEC and the net capital rule of the New York Stock Exchange (the ''NYSE''). Fahnestock has elected to use the alternative method permitted by the Rule which requires that it maintains minimum net capital equal to 2% of aggregate debit items arising from customer transactions, as defined. The NYSE may prohibit a member firm from expanding its business or paying dividends if resulting net capital would be less than 5% of aggregate debit items.

At March 31, 2001, the net capital of Fahnestock as calculated under the Rule was $171,049,000 or 43% of Fahnestock's aggregate debit items. This was $163,137,000 in excess of the minimum required net capital.

4. Segment Information

The table below presents information about the reported operating income of the Company for the periods noted, in accordance with the method described in the Company's Annual for the year ended December 31, 2000. The Company's business is conducted primarily in the U.S. Asset information by reportable segment is not reported, since the Company does not produce such information for internal use.

	Three Months Ended March 31, 2001	2000
	Expressed in thousands of U.S. dollars	
Revenue:		
Private Client	$ 32,392	$ 49,873
Capital Markets	22,133	35,885
Asset Management	3,756	3,360
Interest	12,783	12,854
Other	2,431	1,420
Total	$ 73,495	$103,392
Operating Income:		
Private Client	$ (296)	$ 4,731
Capital Markets	6,796	12,591
Asset Management	2,354	2,112
Interest	5,270	5,902
Other	1,496	8,989
Total	$ 15,620	$ 34,325

Management's Discussion and Analysis of Financial Condition and Results of Operations (Expressed in U.S. dollars)

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

Results of Operations

Net profit for the first quarter ended March 31, 2001 was $9,117,000 or $0.74 per share compared to $18,580,000 or $1.53 per share for the first quarter of 2000, a decrease of 51% in net profit. Revenue for the first quarter of 2001 was $73,495,000 compared to $103,392,000 in the first quarter of 2000, a decrease of 29%.

The results of the first quarter of 2001 reflected the continued reluctance of retail investors to participate in uncertain markets, a sharp contrast to investor enthusiasm in the first quarter of 2000. The first quarter of 2000 produced the strongest quarter in the Company's history. The results of the first quarter of 2000 were driven by record market trading volume and record share prices on both the NASDAQ and listed markets. This year's first quarter produced excellent results when compared to the immediately preceding three quarters. Despite highly volatile market conditions in 2001 and investor uncertainty, when compared to the previous three quarters, the Company held its commission business steady and improved its revenues from both principal trading activities and underwriting fees. Lower U.S. interest rates resulted in reduced net interest costs in 2001 compared to 2000. While lower expectations prevail for the securities markets in the remainder of 2001, results are likely to continue to be respectable but unexciting. As we have done over the last 15 years, we will continue to build book value, we shall remain cognizant of the need to remain vigilant over expenses, and we will maintain our plan for our business and commitment to client service.

Commission income and to a large extent, income from principal transactions, depend on market volume levels. Commission revenue decreased by 21% in the first quarter of 2001 compared to the first quarter of 2000 with markets generating lower volumes in 2001 compared to 2000. Net revenue from principal transactions decreased by 56%

compared to the first quarter of 2000 due to significantly reduced activity in the NASDAQ markets. Due to high market volatility, the Company reduced the number of securities in which it makes markets. It may increase or decrease this number from time to time as market conditions warrant. Investment banking revenues and advisory fees remained level with the first quarter of 2000. Net interest revenue (interest revenue less interest expense) decreased by 5% in the first quarter of 2001 compared to the first quarter of 2000 as a result of lower U.S. interest rates and lower customer debit balances. Expenses decreased in the first quarter of 2001 compared to the first quarter of 2000. Compensation expense has volume-related components and, therefore, decreased with the decreased level of business conducted in the first quarter of 2001 compared to the first quarter of 2000. The cost of communications and technology decreased 3% in the first quarter of 2001 compared to the first quarter of 2000 due to benefits derived from reductions in telecommunications costs from vendors. Occupancy costs decreased by 11% in the first quarter of 2001 compared to the first quarter of 2000 due to the consolidation of several branch locations.

Liquidity and Capital Resources

Total assets at March 31, 2001 of $1,041,367,000 increased by approximately 49% from $697,482,000 at December 31, 2000 due primarily to higher broker/dealer balances, as well as transactions in the Company's matched book. Liquid assets accounted for 98% of total assets, consistent with year end levels. The Company satisfies its need for funds from its own cash resources, internally-generated funds, subordinated borrowings, collateralized borrowings consisting primarily of bank loans, and uncommitted lines of credit. The amount of Fahnestock's bank borrowings fluctuates in response to changes in the level of the Company's securities inventories and customer margin debt as well as changes in stock loan balances. Fahnestock has arrangements with banks for borrowings on a fully collateralized basis. At March 31, 2001, $37,666,000 of such borrowings were outstanding, an increase of 45% compared to outstanding borrowings at December 31, 2000. At March 31, 2001 the Company had available collateralized and uncollateralized letters of credit of $38,500,000.

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

On February 23, 2001, the Company paid cash dividends of $0.09 per Class A non-voting and Class B share totaling $1,099,000 from available cash on hand.

On April 19, 2001, the board of directors declared a regular quarterly cash dividend of $0.09 per Class A non-voting and Class B share payable on May 18, 2001 to shareholders of record on May 4, 2001.

The book value of the Company's Class A non-voting and Class B shares is $18.90 at March 31, 2001 ($16.76 at March 31, 2000), based on total outstanding shares of 12,354,965 and 12,106,299, respectively.

Factors Affecting "Forward-Looking Statements"

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act"), and Section 21E of the Exchange Act. These forward-looking statements relate to anticipated financial performance, future revenues or earnings, business prospects and anticipated market performance of the Company. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to: (i) transaction volume in the securities markets, (ii) the volatility of the securities markets, (iii) fluctuations in interest rates, (iv) changes in regulatory requirements which could affect the cost and manner of doing business, (v) fluctuations in currency rates, (vi) general economic conditions, both domestic and international, (vii) changes in the rate of inflation and the related impact on the securities markets, (viii) competition from existing financial institutions and other new participants in the securities markets, (ix) legal developments affecting the litigation experience of the securities industry, and (x) changes in federal and state tax laws which could affect the popularity of products sold by the Company. There can be no assurance that the Company has correctly or completely identified and assessed all of the factors affecting the Company's business. The Company does not undertake any obligation to publicly update or revise any forward-looking statements.

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WEBSITE

The Company's public financial filings and press releases are posted on its website — www.fahnestock.com

STOCK LISTING

The Class A non-voting shares of Fahnestock Viner Holdings Inc. are listed on the New York (FVH) and Toronto (FHV.A) Stock Exchanges.

FORM 10-Q

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