

**FAHNESTOCK VINER  
HOLDINGS INC.**  
6 MONTHS ENDED  
JUNE 30, 2000

FAHNESTOCK VINER HOLDINGS INC.

To the Shareholders:

Fahnestock Viner Holdings Inc. reported net profit of U.S. \$8,292,000 or \$0.68 per share for the second quarter ended June 30, 2000 compared to U.S. \$7,607,000 or \$0.61 per share for the second quarter of 1999, an increase of 9% in net profit. The strength in net profit compared to the prior year reflects higher net interest revenue and a reduction in expenses. Revenue for the second quarter of 2000 was U.S. \$69,424,000, a decrease of 5% compared to revenue of U.S. \$72,948,000 in the second quarter of 1999. Commission income and revenue from principal transactions were slightly lower as overall stock market volumes declined, partially offset by higher interest income, compared to the same period in 1999.

Net profit for the six months ended June 30, 2000 was U.S. \$26,872,000 or \$2.21 per share compared to U.S. \$12,952,000 or \$1.04 per share for the comparable period of 1999, an increase of 108% in net profit. The associated pre-tax profit margin of 28.2% is the highest for the first half of any year. Annualized net return on average shares outstanding was 44.3% based on the first six months of 2000. Revenue for the first six months of 2000 was U.S. \$172,816,000, an increase of 26% compared to revenue of U.S. \$136,899,000 in the first six months of 1999.

Results for the second quarter of 2000 reflected substantially increased market volatility as technology stocks declined precipitously and then partially recovered during the quarter. This was more fully reflected in the movement of the NASDAQ composite average which declined from a high of 5132 in March 2000 to a low of 3165 during the quarter and ended at 3966. As a result, investors reduced their activity levels and instead, focussed on interest rate increases by the Federal Reserve Board and fears of emerging inflationary conditions as energy prices and wage rates posted significant increases.

The Company announced today the declaration of a regular quarterly dividend payable to holders of Class A non-voting and Class B shares of record on August 4, 2000 in the amount of U.S.\$0.08 per share. The dividend payment date will be August 18, 2000.

The Company previously announced that it intends to purchase up to 596,537 (approximately 5% of the outstanding shares) of its Class A non-voting shares by way of a normal course issuer bid through the facilities of the New York and Toronto Stock Exchanges commencing July 5, 2000 until July 4, 2001 at prevailing market prices. All shares purchased will be cancelled.

Pursuant to a normal course issuer bid which terminated on July 4, 2000, the Company purchased a total of 532,100 Class A non-voting shares at an average cost of U.S. \$15.225 (244,600 of these Class A non-voting shares were purchased in fiscal 2000 at an average cost of U.S. \$16.01).

Certain statements in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed in the Company's filings with the Securities and Exchange Commission.

July 19, 2000  
Toronto, Canada

On behalf of the Board,  
E.K. Roberts, President

FAHNESTOCK VINER HOLDINGS INC.  
CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

JUNE 30,      DECEMBER 31,  
2000              1999

Expressed in thousands of U.S. dollars

ASSETS

Current assets

Cash and short-term deposits	\$10,567	\$10,838
Restricted deposits	2,630	2,392
Securities purchased under agreement to resell	29,353	74,560
Deposits with clearing organizations	5,459	5,955
Receivable from brokers and clearing organizations	149,930	136,767
Receivable from customers	501,700	436,320
Securities owned, at market value	56,232	63,244
Other	15,424	19,018
	771,295	749,094

Other assets

Stock exchange seats (approximate market value \$7,676; \$6,148 in 1999)	3,018	1,318
Fixed assets, net of accumulated depreciation of \$13,275; \$11,956 in 1999	10,232	10,872
Goodwill, at amortized cost	3,634	5,244
	16,884	17,434
	\$788,179	\$766,528

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Drafts payable	\$21,325	\$24,765
Bank call loans	84,765	66,322
Securities sold under agreement to repurchase	24,000	69,031
Payable to brokers and clearing organizations	232,172	209,151
Payable to customers	146,470	125,207
Securities sold, but not yet purchased, at market value	13,768	18,661
Accounts payable and other liabilities	43,912	45,331
Income taxes payable	12,955	20,672
	579,367	579,140

Shareholders' equity

Share capital

12,006,619 Class A non-voting shares (1999 - 12,147,569 shares)	29,231	32,854
99,680 Class B voting shares	133	133
	29,364	32,987

Contributed capital

Retained earnings	3,262	3,262
	176,186	151,139
	208,812	187,388
	\$788,179	\$766,528

FAHNESTOCK VINER HOLDINGS INC.  
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

<i>Expressed in thousands of U.S. dollars, except per share amounts</i>	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2000	1999	2000	1999
<b>REVENUE:</b>				
Commissions	\$29,816	\$31,540	\$68,048	\$60,813
Principal transactions, net	16,178	20,135	57,122	34,938
Interest	13,708	10,992	27,382	20,188
Underwriting fees	2,132	2,690	5,113	5,606
Advisory fees	5,025	5,519	10,793	12,018
Other	2,565	2,072	4,358	3,336
	<u>69,424</u>	<u>72,948</u>	<u>172,816</u>	<u>136,899</u>
<b>EXPENSES:</b>				
Compensation and related expenses	34,857	37,189	81,893	71,183
Clearing and exchange fees	1,618	2,452	3,907	4,632
Communications	5,893	5,377	11,913	10,705
Occupancy costs	3,217	3,353	6,482	6,360
Interest	5,905	5,579	12,555	10,214
Other	3,529	5,243	7,336	10,058
	<u>55,019</u>	<u>59,193</u>	<u>124,086</u>	<u>113,152</u>
Profit before income taxes	14,405	13,755	48,730	23,747
Income tax provision	6,113	6,148	21,858	10,795
<b>NET PROFIT FOR PERIOD</b>	<u>\$8,292</u>	<u>\$7,607</u>	<u>\$26,872</u>	<u>\$12,952</u>
<b>Profit per share</b>				
- basic	\$0.68	\$0.61	\$2.21	\$1.04
- fully diluted	\$0.62	\$0.60	\$1.99	\$1.02

FAHNESTOCK VINER HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)  
FOR THE SIX MONTHS ENDED JUNE 30,

<i>Expressed in thousands of U.S. dollars</i>	2000	1999
<b>Cash flows from operating activities:</b>		
Net profit for the period	\$26,872	\$12,952
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
Non-cash items included in net profit:		
Depreciation and amortization	1,535	1,686
Gain on sale of exchange seat	-	(492)
Decrease (increase) in operating assets, net of the effect of the acquisition of Propp & Company Inc.		
Restricted deposits	(238)	(439)
Securities purchased under agreement to resell	45,207	(25,893)
Deposits with clearing organizations	496	(5,255)
Receivable from brokers and clearing organizations	(13,163)	(30,906)
Receivable from customers	(65,380)	(131,944)
Securities owned	7,012	9,831
Other assets	4,382	9,302
Increase (decrease) in operating liabilities, net of the effect of the acquisition of Propp & Company Inc.		
Drafts payable	(3,439)	(6,710)
Securities sold under agreement to repurchase	(45,031)	27,761
Payable to brokers and clearing organizations	23,022	149,437
Payable to customers	21,263	780
Securities sold, but not yet purchased	(4,893)	4,154
Accounts payable and other liabilities	(1,489)	(2,180)
Income taxes payable	(8,008)	5,567
Cash (used in) provided by operating activities	<u>(11,852)</u>	<u>17,651</u>
<b>Cash flows from investing activities:</b>		
Purchase of Propp & Company Inc., net of cash acquired	(740)	-
Proceeds from sale of exchange seat	-	655
Purchase of fixed assets	(675)	(1,453)
Cash used in investing activities	<u>(1,415)</u>	<u>(798)</u>
<b>Cash flows from financing activities:</b>		
Cash dividends paid on Class A non-voting and Class B shares	(1,824)	(1,768)
Issuance of Class A non-voting shares	293	3,771
Repurchase of Class A non-voting shares for cancellation	(3,916)	(3,853)
Tax benefit from employee stock options exercised	-	909
Increase (decrease) in bank call loans	18,443	(12,438)
Cash provided by (used in) financing activities	<u>12,996</u>	<u>(13,379)</u>
Net (decrease) increase in cash and short-term deposits	(271)	3,474
Cash and short-term deposits, beginning of period	10,838	11,501
Cash and short-term deposits, end of period	<u>\$10,567</u>	<u>\$14,975</u>

## FAHNETOCK VINER HOLDINGS INC.

JUNE 30, 2000

Notes:

(a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,141,317 in 2000 and 12,511,060 in 1999. Fully diluted earnings per share reflects the effect of outstanding employee stock options. There are no significant differences between Canadian and U.S. accounting principles except the method of calculation of earnings per share. Diluted profit per share under U.S. standards is as follows:

	SECOND QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	1999	2000	1999
Diluted earnings per share	\$0.67	\$0.60	\$2.19	\$1.02

(b) The consolidated financial statements have been prepared using accounting principles generally accepted in Canada.

(c) The Company paid cash dividends on February 25, 2000 and May 19, 2000 to holders of Class A non-voting and Class B shares totaling \$1,824,000.

### **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**

The Company's Quarterly Report to the Securities and Exchange Commission on Form 10-Q is available upon request from either of the offices listed below or by email to [fvh@fahnestock.com](mailto:fvh@fahnestock.com).

### **WEBSITE**

The Company's public financial filings and press releases are posted on its website - [www.fahnestock.com](http://www.fahnestock.com)

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