

**FAHNESTOCK VINER  
HOLDINGS INC.  
9 MONTHS ENDED  
SEPTEMBER 30, 1999**

FAHNESTOCK VINER HOLDINGS INC.

To the Shareholders:

Fahnestock Viner Holdings Inc. reported net profit of U.S.\$6,253,000 or \$0.50 per share for the third quarter ended September 30, 1999 compared to U.S. \$7,589,000 or \$0.60 per share for the third quarter of 1998, a decrease of 18% in net profit. Revenue for the third quarter of 1999 was U.S. \$64,948,000, a decrease of 3% compared to revenue of U.S. \$67,278,000 in the third quarter of 1998, as commissions, trading activities, and advisory fees declined during the quarter compared to prior year levels.

Net profit for the nine months ended September 30, 1999 was U.S.\$19,205,000 or \$1.54 per share compared to U.S. \$20,827,000 or \$1.65 per share for the comparable period of 1998, a decrease of 8% in net profit. Revenue for the first nine months of 1999 was U.S. \$201,847,000, compared to revenue of U.S. \$204,380,000 in the first nine months of 1998, a decrease of 1%.

During the third quarter of 1999, while the senior market averages touched new highs, the stock market became much more selective - with most companies, both large and small, well off their highs. The increase in interest rates also contributed to the dampening of market activity. As a result, the retail market softened and turnover slowed. This is reflected in lower revenues and earnings compared to the prior year.

The modification and testing of the Company's internal systems for Year 2000 compliance is complete and Y2K compliant versions are currently in service. The Company is completing its Y2K contingency plans and preparations and is confident that even if it encounters unexpected third party failure, its extensive planning will allow it to continue to provide services to its clients on a timely basis.

The Company completed the rollout of its new technology platform during the quarter. This includes enhanced desktop service for our 755 financial consultants in 80 branch offices. The installation of this proprietary wide area network allows the delivery of high level capability to our clients and should serve us well as we enter the 21<sup>st</sup> Century.

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 November 5, 1999 in the amount of U.S.\$0.07 per share. The dividend payment date will be November 19, 1999.

Certain statements herein 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.

October 20, 1999  
Toronto, Canada

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

FAHNESTOCK VINER HOLDINGS INC.  
Consolidated Balance Sheet as at September 30, 1999 (Unaudited)  
(With comparative figures as at December 31, 1998)

<i>Expressed in thousands of U.S. dollars</i>	1999	1998
<b>ASSETS</b>		
Current assets		
Cash and short-term deposits	\$9,559	\$11,501
Restricted deposits	2,829	2,312
Securities purchased under agreement to resell	50,887	12,174
Deposits with clearing organizations	9,013	7,072
Receivable from brokers and clearing organizations	198,767	167,018
Receivable from customers	382,732	334,664
Securities owned, at market value	79,174	88,579
Demand notes receivable	30	30
Other	12,537	26,912
	745,528	650,262
Other assets		
Stock exchange seats (approximate market value \$7,499; \$4,798 in 1998)	1,326	1,507
Fixed assets, net of accumulated depreciation of \$11,140; \$8,896 in 1998)	9,904	9,286
Goodwill, at amortized cost	5,407	5,708
	16,637	16,501
	\$762,165	\$666,763
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Drafts payable	\$14,318	\$22,734
Bank call loans	20,465	42,217
Securities sold under agreement to repurchase	44,146	664
Payable to brokers and clearing organizations	299,713	235,029
Payable to customers	117,844	115,878
Securities sold, but not yet purchased, at market value	31,774	41,104
Accounts payable and other liabilities	38,623	40,119
Income taxes payable	11,667	2,665
Subordinated loans payable	30	30
	578,580	500,440
Shareholders' equity		
Share capital		
12,387,269 Class A non-voting shares (1998-12,241,269)	36,360	36,728
99,680 Class B voting shares	133	133
	36,493	36,861
Contributed capital	3,262	2,196
Retained earnings	143,830	127,266
	183,585	166,323
	\$762,165	\$666,763

FAHNESTOCK VINER HOLDINGS INC.  
Consolidated Statement of Operations (Unaudited)

<i>Expressed in thousands of U.S. dollars, except per share amounts</i>	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<b>REVENUE:</b>				
Commissions	\$25,855	\$27,799	\$86,668	\$86,580
Principal transactions, net	16,834	17,075	51,772	50,703
Interest	11,483	10,780	31,671	33,167
Underwriting fees	3,836	3,824	9,442	10,176
Advisory fees	4,882	6,262	16,900	16,800
Other	2,058	1,538	5,394	6,954
	64,948	67,278	201,847	204,380
<b>EXPENSES:</b>				
Compensation and related expenses	32,129	33,254	103,312	105,964
Clearing and exchange fees	2,042	2,100	6,674	6,296
Communications	5,298	5,158	16,003	16,052
Occupancy costs	3,190	3,446	9,550	9,901
Interest	5,719	5,360	15,933	17,516
Other	5,134	4,265	15,192	11,601
	53,512	53,583	166,664	167,330
Profit before income taxes	11,436	13,695	35,183	37,050
Income tax provision	5,183	6,106	15,978	16,223
<b>NET PROFIT FOR PERIOD</b>	<b>\$6,253</b>	<b>\$7,589</b>	<b>\$19,205</b>	<b>\$20,827</b>
<b>Profit per share</b>				
- basic	\$0.50	\$0.60	\$1.54	\$1.65
- fully diluted	\$0.48	\$0.59	\$1.47	\$1.60

Notes:

(a) Basic earnings per share is based on the weighted average number of Class A non-voting and Class B shares outstanding of 12,501,571 in 1999 and 12,654,045 in 1998. 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:

	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Diluted profit per share	\$0.50	\$0.59	\$1.52	\$1.60

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

(c) The Company paid cash dividends on February 26, 1999, May 21, 1999 and August 20, 1999 to holders of Class A non-voting and Class B shares totaling \$2,642,000.

FAHNESTOCK VINER HOLDINGS INC.  
Consolidated Statement of Cash Flows (Unaudited)  
For the Nine Months Ended September 30,

<i>Expressed in thousands of U.S. dollars</i>	1999	1998
<b>Cash flows from operating activities:</b>		
Net profit for the period	\$19,205	\$20,827
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
Non-cash items included in net profit:		
Depreciation and amortization	2,564	2,156
Gain on sale of exchange seat	(492)	-
Decrease (increase) in operating assets,		
Restricted deposits	(517)	(423)
Securities purchased under agreement to resell	(38,713)	-
Deposits with clearing organizations	(1,941)	(3,838)
Receivable from brokers and clearing organizations	(31,749)	178,700
Receivable from customers	(48,068)	14,719
Securities owned	9,405	(5,566)
Other assets	14,375	4,174
Increase (decrease) in operating liabilities,		
Drafts payable	(8,416)	(9,744)
Securities sold under agreement to repurchase	43,482	-
Payable to brokers and clearing organizations	64,684	(187,290)
Payable to customers	1,966	(7,024)
Securities sold, but not yet purchased	(9,330)	4,689
Accounts payable and other liabilities	(1,496)	(5,159)
Income taxes payable	9,002	(5,279)
Cash provided by operating activities	<u>23,961</u>	<u>942</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of exchange seat	655	-
Purchase of fixed assets	(2,862)	(2,015)
Cash (used in) investing activities	<u>(2,207)</u>	<u>(2,015)</u>
<b>Cash flows from financing activities:</b>		
Cash dividends paid on Class A non-voting and Class B shares	(2,642)	(2,668)
Issuance of Class A non-voting shares	4,111	1,851
Repurchase of Class A non-voting shares for cancellation	(4,479)	(4,881)
Tax benefit from employee stock options exercised	1,066	863
(Decrease) increase in bank call loans	(21,752)	3,978
Cash (used in) financing activities	<u>(23,696)</u>	<u>(857)</u>
Net (decrease) in cash and short-term deposits	(1,942)	(1,930)
Cash and short-term deposits, beginning of period	11,501	10,784
Cash and short-term deposits, end of period	<u>\$9,559</u>	<u>\$8,854</u>

**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@idirect.com](mailto:fvh@idirect.com).

**WEBSITE**

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

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