



**Knight Capital Group, Inc. (NITE)  
Goldman Sachs Small- and Mid-Cap Financials  
Symposium  
February 12, 2008**



**Thomas M. Joyce  
Chairman and CEO**

## Safe Harbor & Regulation G

### Safe Harbor

Certain statements contained herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about the Company's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, readers are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict including, without limitation, risks associated with the costs, integration, performance and operation of the business acquired by the Company. Since such statements involve risks and uncertainties, the actual results and performance of the Company may turn out to be materially different from the results expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Unless otherwise required by law, the Company also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made herein. Readers should carefully review the risks and uncertainties detailed under the headings "Certain Factors Affecting Results of Operations" and "Risks Affecting our Business" in the Company's Annual Report on Form 10-K and under the heading "Risk Factors" in the Company's Form 10-Q's for the quarterly periods ended June 30, 2007 and September 30, 2007, respectively, and in other reports or documents the Company files from time to time with the Securities and Exchange Commission.

### Regulation G

In an effort to provide investors with additional information regarding the Company's results as determined by generally accepted accounting principles (GAAP), the Company also discloses certain non-GAAP information which management believes provides useful information to investors. Within this presentation, the Company has disclosed its pre-tax operating income (loss) amounts for certain reporting periods before gains on sales of strategic investments and Direct Edge, operating results of Direct Edge and discontinued operations to assist the viewer in understanding the impact of these items on the Company's financial results, which management believes will facilitate more useful period-to-period comparisons of the Company's businesses.

A dynamic capital markets firm providing advanced market access and trade execution services, asset management and an array of services that support alpha creation and capital formation, with exceptional client service.



In a fragmented market, with best execution mandates, Knight's hybrid market model has tremendous appeal to firms with diverse styles and strategies.

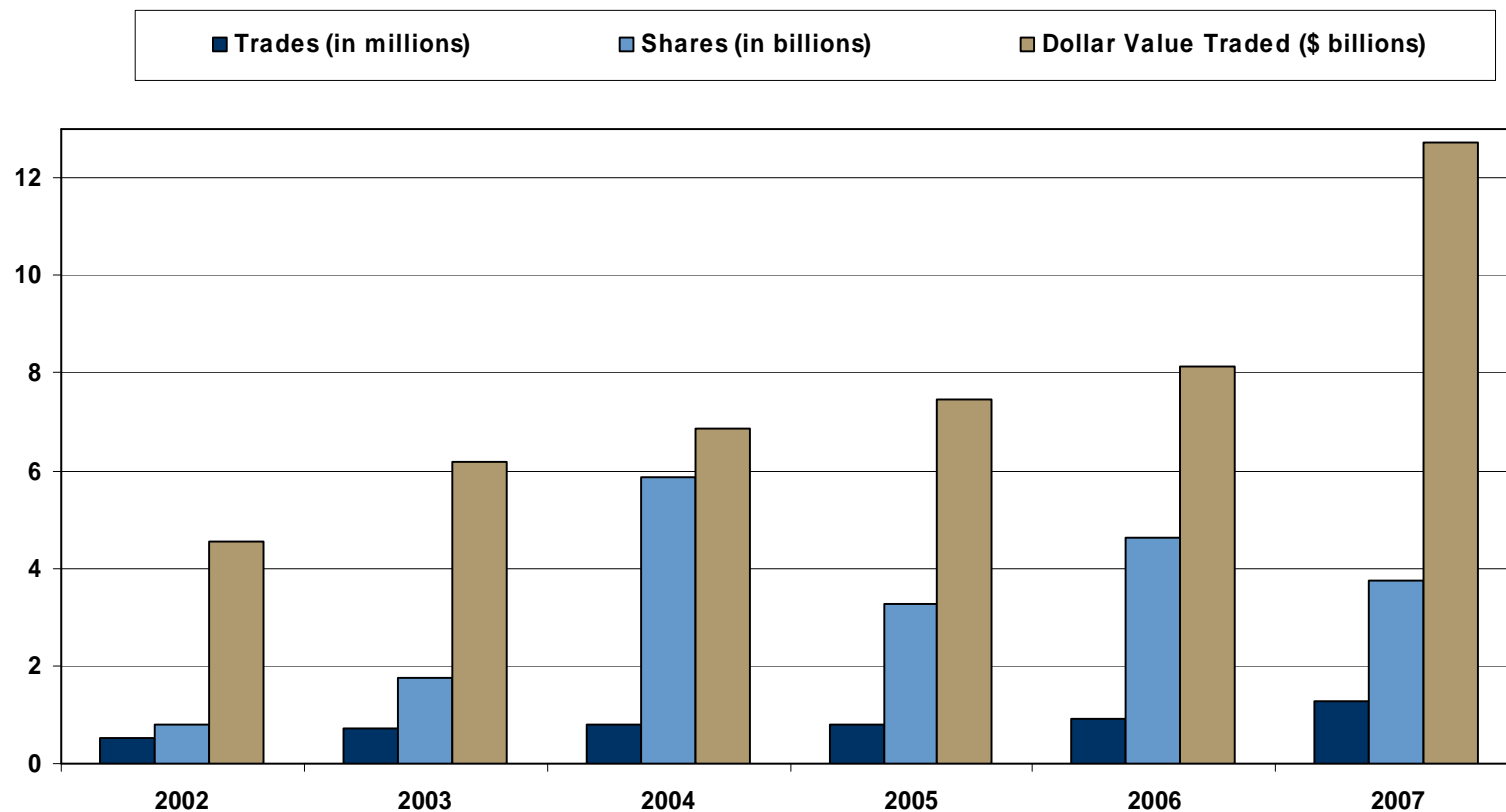
Objectives:

1. Grow the client base of buy- and sell-side firms with significant trade execution needs
2. Capture an ever-greater share of client order flow from across multiple asset classes
3. Cross-sell complementary products and services that support alpha creation



# Global Markets: Growth in Average Daily U.S. Equity Volume

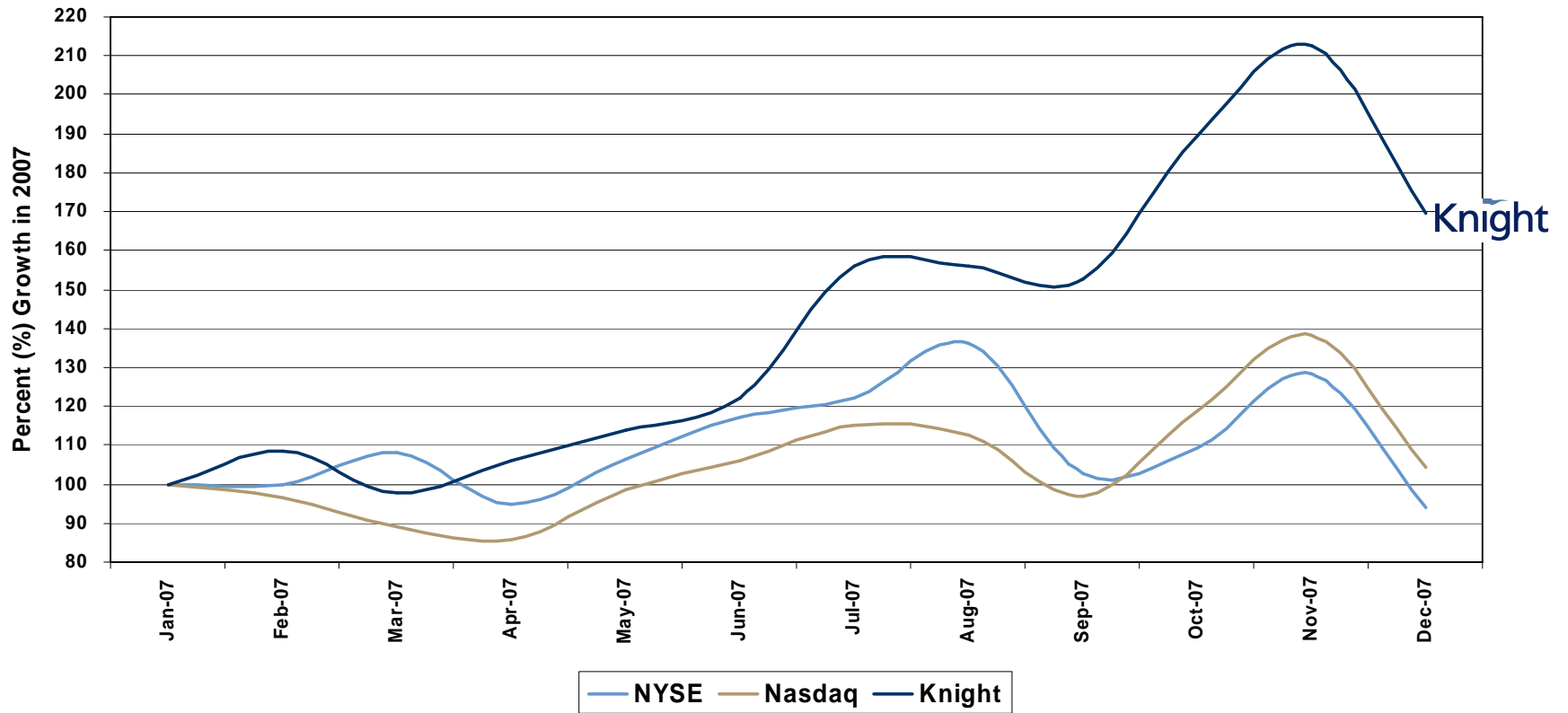
Average Daily U.S. Equity Volume



- CAGR from 2002 to 2007 of 21% in average daily U.S. equity trade volume, 36% in share volume and 23% in dollar value traded



# 2007 Average Daily U.S. Equity Dollar Volume Comparison

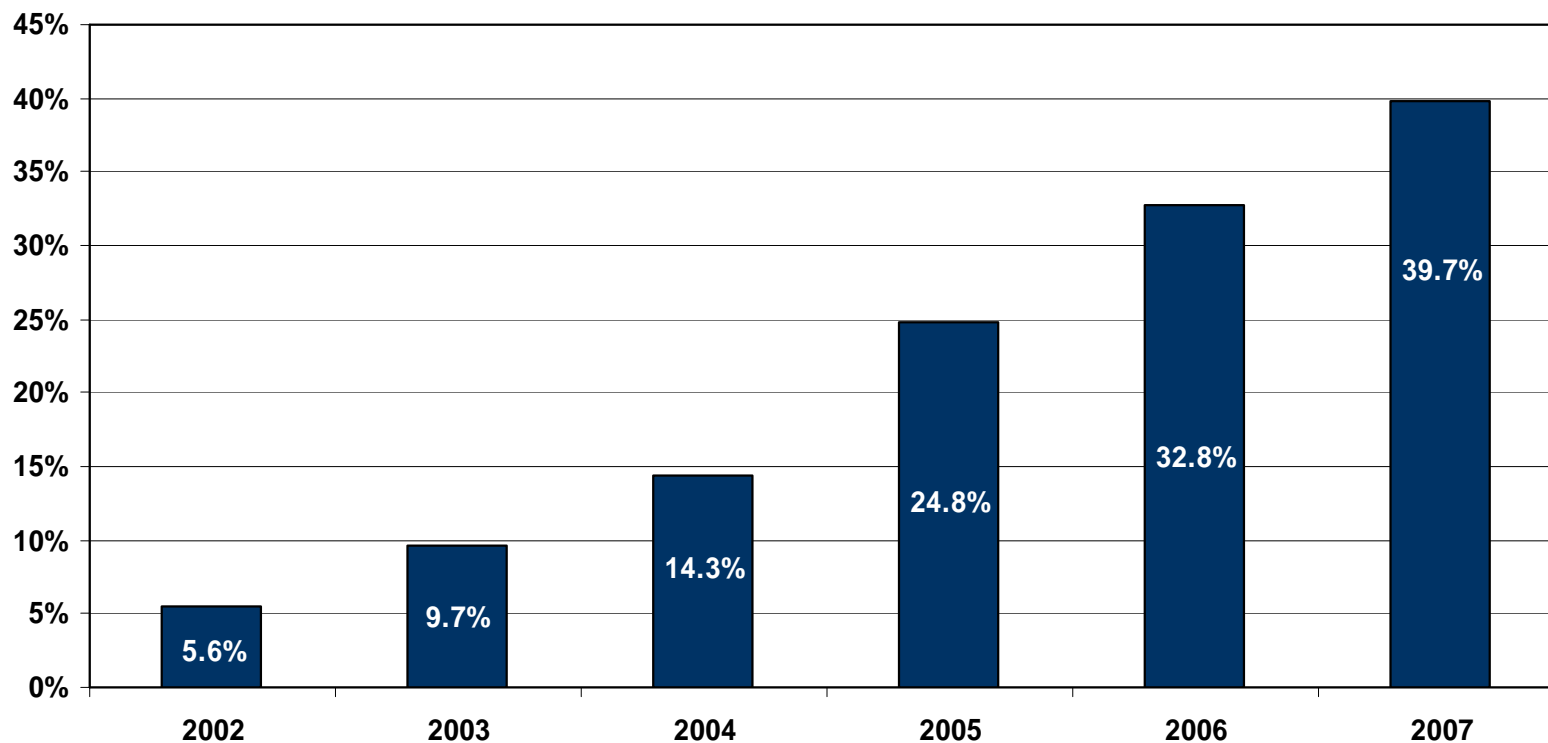


Source: SIFMA



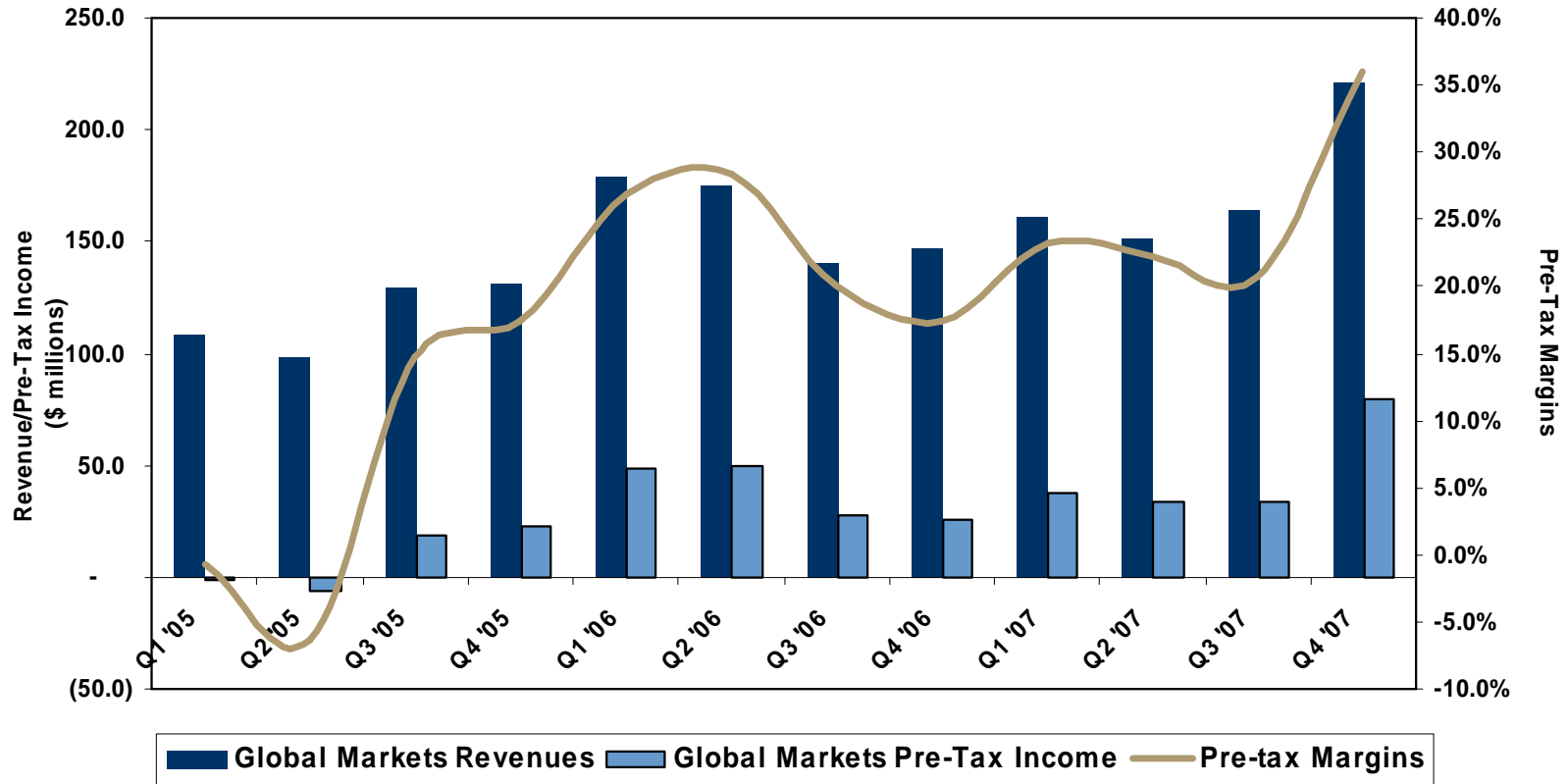
## Global Markets: Growth of Electronic Revenues

Electronic Revenues as Percentage (%) of Total Global Markets Revenues



• CAGR from 2002 to 2007 of 70% (Metrics exclude the results of Direct Edge ECN)

# Global Markets: Growth of Pre-Tax Margins



Note: Metrics exclude the results of Direct Edge ECN



## Asset Management: Deephaven Objectives

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Deephaven Capital Management is a global, multi-strategy alternative investment manager that pursues a broad range of strategies across geographies, market sectors and asset classes.

Objectives:

1. Expand offering of multi- and single-strategy funds
2. Diversify the investor base and increase assets under management
3. Achieve top-quartile performance versus benchmark funds



AUM of approximately \$4.0 billion as of January 1, 2008

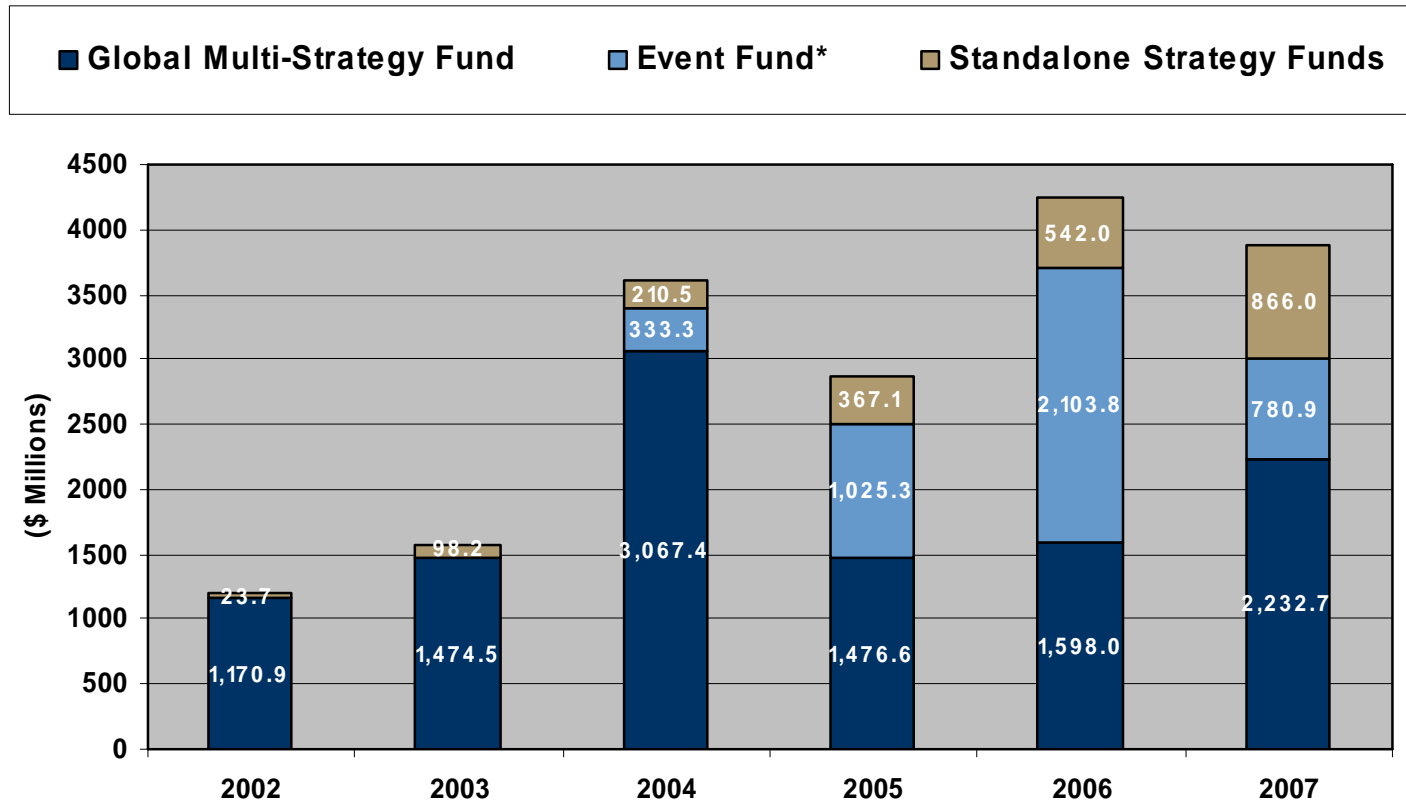
Blended fund performance of 6.8% for 2007

### Multi- and Single-Strategy Funds

- Global Multi-Strategy Fund LLC
- Credit Opportunities Fund LLC
- Global Value Partners Fund LLC
- International Volatility Strategies Fund LLC
- European Event Fund LLC



# Asset Management: AUM Growth and Fund Diversification



## Diversified Fund Offering:

- Global Multi-Strategy
- Event
- Credit Opportunities
- Global Value Partners
- International Volatility
- European Event

## Blended Returns:

- 2002: 7.8%
- 2003: 13.9%
- 2004: 6.5%
- 2005: 7.2%
- 2006: 22.8%
- 2007: 6.8%

\* Deephaven announced the closing of the Event Fund LLC and Event Fund Ltd. on 1/31/08

## 2008 Organizational Goals:

- Introduce new single-strategy funds
- Diversify investor base and increase assets under management
- Achieve top quartile performance versus benchmark funds
- Continue development of the Global Fundamental Equity team
- Explore innovative new investment strategies and processes
- Enhance risk management processes
- Continue to institutionalize operational best practices



### Direct Edge ECN

- Sale of minority equity interests to Citadel and Goldman Sachs completed 10/02/07, resulting in a pre-tax gain of \$13 million
- Direct Edge ECN no longer a consolidated entity of Knight

### EdgeTrade LLC

- Announced acquisition on 11/19/07 and completed on 1/15/08 for \$59.5 million in cash and stock
- EdgeTrade algorithms now available on Knight Direct EMS<sup>™</sup>

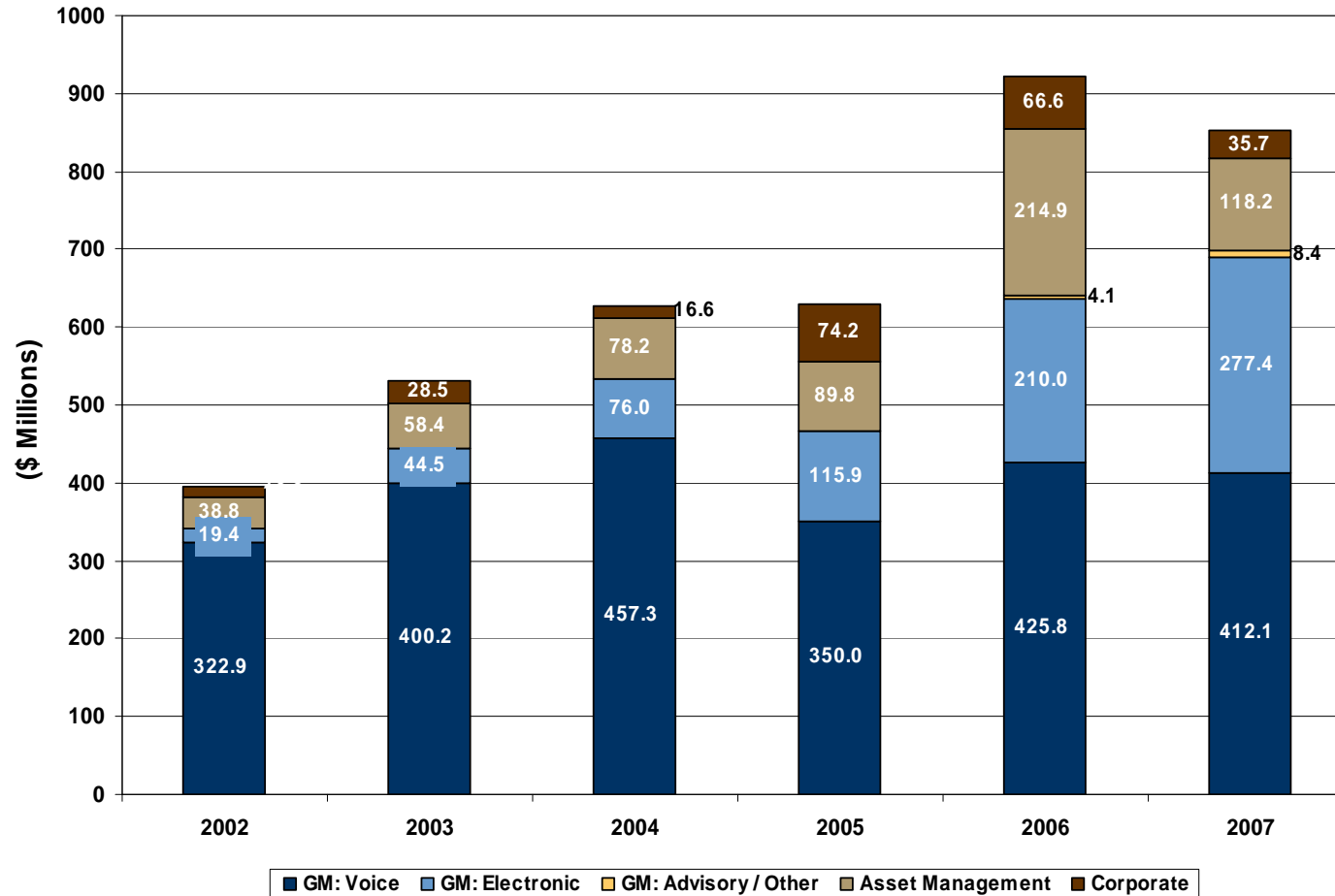
### Deephaven Capital Management, LLC

- Senior management exercised option to acquire 49% ownership stake in the alternative investment manager
- Announced the closing of the Event Fund LLC and Event Fund Ltd. on 1/31/08



# Consolidated Revenues

Consolidated Revenues

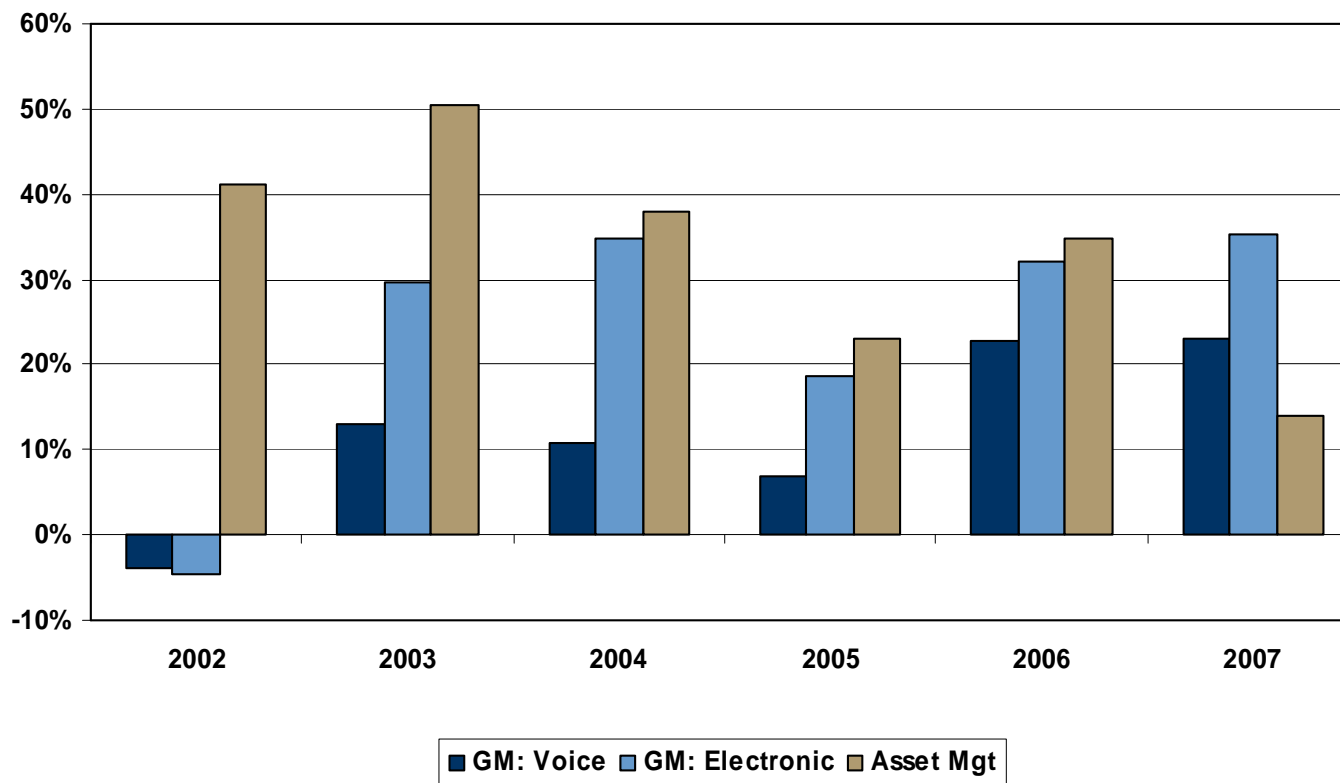


Note: Metrics exclude the results of Direct Edge ECN



## Pre-Tax Margins By Access Product

Pre-Tax Margins



Note: Above chart excludes pre-tax margins for GM: Advisory/Other and Corporate



## Consolidated Pre-Tax Margins\*

### Consolidated pre-tax margins

- 2005 17% (9% excluding gains on strategic investments)
- 2006 28% (25% excluding gains on strategic investments)
- 2007 24% (23% excluding gains on sale of Direct Edge ECN)

### Expense range

- Employee compensation\*\* 40%-44%
- Execution and clearance 10%-14%
- Rebates / soft dollars 12%-14%
- All other operating expenses \$28-\$32 million per quarter

\* Metrics exclude the results of Direct Edge ECN

\*\* Pro forma employee compensation, after the exercise of the Deephaven managers' ownership option, was 30-36%

## Strong Financial Condition

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### Balance sheet as of December 31, 2007

- \$222 million in cash
  - Plus an \$85 million receivable from a redemption of corporate investments in the Deephaven funds (received 1/3/08), bringing our total cash balance to approximately \$307 million
- Corporate investment in Deephaven Funds of \$84 million
- Shareholders' equity of \$885 million
- Drew down \$70 million in term credit facility in 2007
  - \$70 million revolving credit facility remaining
- Book value per share of \$9.35

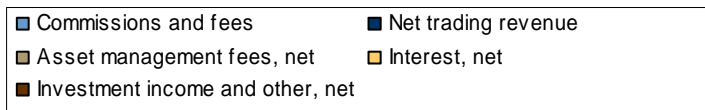
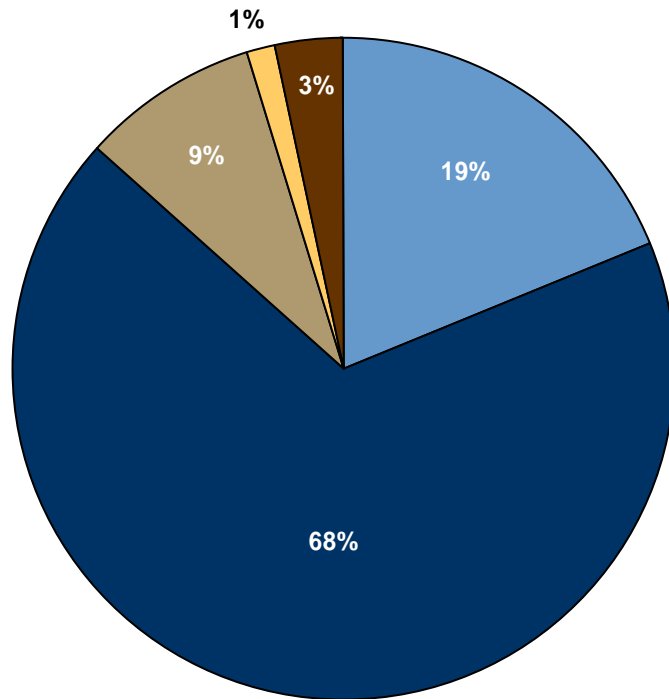
### Stock repurchase program as of December 31, 2007

- Repurchased 59.2 million shares for \$626 million since inception
- \$374 million remaining under the \$1 billion program

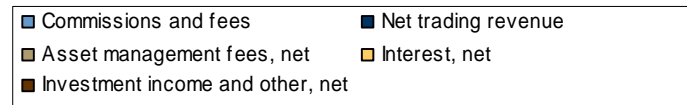
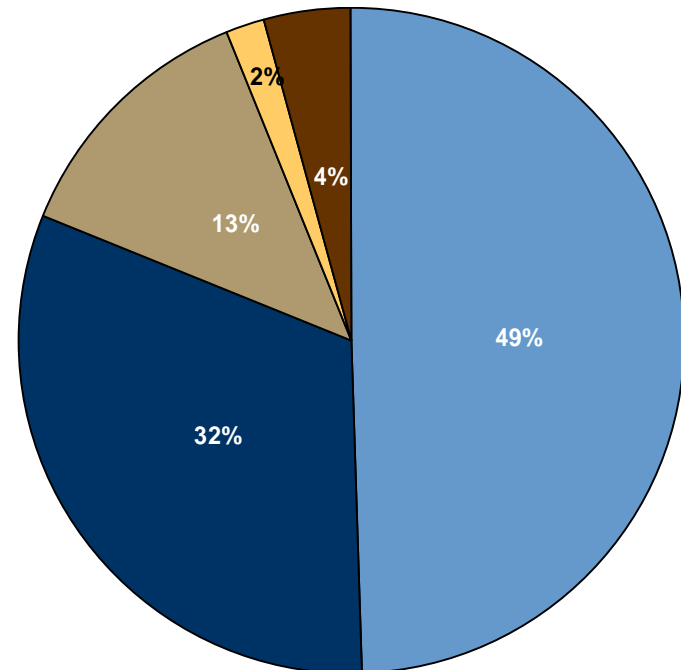


# Consolidated Revenue Diversification: 2002 to 2007

**2002 Revenues**



**2007 Revenues**



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**Knight**<sup>™</sup>

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**Addendum**



## Reconciliation of GAAP Revenues to Non-GAAP Revenues

<b>2007</b>	<b>Global Markets</b>	<b>Asset Management</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 751	\$ 118	\$ 36	\$ 905
Direct Edge Revenues	(54)	-	-	(54)
Gain on Sales of Investments and Direct Edge	-	-	(13)	(13)
<b>Revenues, excluding Direct Edge and gain on sales</b>	<u>\$ 698</u>	<u>\$ 118</u>	<u>\$ 23</u>	<u>\$ 839</u>

<b>2006</b>	<b>Global Markets</b>	<b>Asset Management</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 675	\$ 215	\$ 67	\$ 956
Direct Edge Revenues	(33)	-	-	(33)
Gain on Sales of Investments	-	-	(30)	(30)
<b>Revenues, excluding Direct Edge and gain on sales</b>	<u>\$ 642</u>	<u>\$ 215</u>	<u>\$ 37</u>	<u>\$ 893</u>

<b>2005</b>	<b>Global Markets</b>	<b>Asset Management</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 471	\$ 90	\$ 74	\$ 635
Direct Edge Revenues	(4)	-	-	(4)
Gain on Sales of Investments	-	-	(56)	(56)
<b>Revenues, excluding Direct Edge and gain on sales</b>	<u>\$ 467</u>	<u>\$ 90</u>	<u>\$ 18</u>	<u>\$ 575</u>

## Reconciliation of GAAP Income to Non-GAAP Income

<b>2007</b>	<b>Global Markets</b>	<b>Asset Management</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Pre-Tax Income</b>	\$ 180	\$ 17	\$ 4	\$ 201
Direct Edge Pre-Tax Loss	4	-	-	4
Gain on Sales of Investments and Direct Edge	-	-	(13)	(13)
<b>Pre-Tax Income, excluding Direct Edge and gain on sales</b>	<u>\$ 184</u>	<u>\$ 17</u>	<u>\$ (9)</u>	<u>\$ 192</u>

<b>2006</b>	<b>Global Markets</b>	<b>Asset Management</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Pre-Tax Income</b>	\$ 150	\$ 75	\$ 31	\$ 257
Direct Edge Pre-Tax Loss	1	-	-	1
Gain on Sales of Investments	-	-	(30)	(30)
<b>Pre-Tax Income, excluding Direct Edge and gain on sales</b>	<u>\$ 152</u>	<u>\$ 75</u>	<u>\$ 1</u>	<u>\$ 228</u>

<b>2005</b>	<b>Global Markets</b>	<b>Asset Management</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 35	\$ 21	\$ 49	\$ 105
Direct Edge Pre-Tax Loss	0	-	-	0
Gain on Sales of Investments	-	-	(56)	(56)
<b>Pre-Tax Income, excluding Direct Edge and gain on sales</b>	<u>\$ 35</u>	<u>\$ 21</u>	<u>\$ (7)</u>	<u>\$ 49</u>

# Knight<sup>™</sup>

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