



THE SCIENCE OF TRADING. THE STANDARD OF TRUST.™

Annual Meeting of Shareholders

Knight Corporate Headquarters
Jersey City, New Jersey
May 10, 2006



Announcements & Introductions: Safe Harbor & Regulation G



Safe Harbor

Certain statements contained in this presentation, including without limitation, those containing the words “believes,” “intends,” “expects,” “anticipates” and words of similar import, may constitute forward-looking statements as defined in the Private Securities Litigation Report 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, viewers 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 and integration, performance and operation of businesses recently 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, viewers 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 in this presentation. Viewers should carefully review the risks and uncertainties detailed under “Certain Factors Affecting Results of Operations” in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (MD&A) section contained in the Company’s Annual Report on Form 10-K and in other reports or documents the Company files from time to time with the Securities and Exchange Commission. This presentation should also be analyzed in conjunction with the Company’s Consolidate Financial Statements and the Notes thereto contained in the Company’s Annual Report on Form 10-K 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 charges, writedowns, lease loss accruals and discontinued operations to assist the viewer in understanding the impact of these charges, writedowns and discontinued operations on the Company’s financial results, which management believes will facilitate more useful period-to-period comparisons of the Company’s businesses.



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Announcements & Introductions: Management Team



Thomas M. Joyce

Chairman & Chief Executive Officer

Business Segments

Asset Management

Colin J. Smith

Deephaven Capital Management

Global Markets

James P. Smyth

Broker-Dealer

Gregory C. Voetsch

Institutional

Disciplines

Leonard J. Amoruso

Compliance

Bronwen Bastone

Human Resources

John B. Howard

Accounting & Finance

Thomas M. Merritt

Legal

Steven J. Sadoff

Technology

Margaret E. Wyrwas

Corporate Communications & Investor Relations



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Thomas M. Joyce
Chairman & Chief Executive Officer,
Knight Capital Group

Charles V. Doherty
Lead Director,
Knight Capital Group
Retired Managing Director,
Madison Advisory Group

William L. Bolster
Retired Co-Chairman & CEO,
CNBC International

Gary R. Griffith
Independent Financial Consultant

Robert M. Lazarowitz
Former Executive Vice President,
Knight Capital Group

Thomas C. Lockburner
Retired Audit Partner,
Deloitte & Touche LLP

James T. Milde
Senior Vice President,
Chief Information Officer
United Rentals, Inc.

Rodger O. Riney
President,
Scottrade, Inc.





Presentation of Documents

- Notice of Meeting



Declaration of Quorum

- Shareholders of record
- Procedures for addressing the meeting
- Minutes of the Annual Meeting of Stockholders – May 11, 2005



Proposals for Approval by Vote

- To elect eight members of the Company's Board of Directors to serve until the Company's next annual meeting and until such Directors' successors are duly elected and qualified
- To approve the Knight Capital Group, Inc. 2006 Equity Incentive Plan
- To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent auditor for 2006
- To transact such other business as may properly come before the Annual Meeting



Voting on All Proposals

- Ballot submission



At Knight, trading is not a commodity. It is a science.

Knights is a leading financial services firm that provides comprehensive trade execution solutions and asset management services. We continually apply knowledge and innovation to the trading and asset management processes to build lasting client partnerships through consistent performance and superior client service.

- Our **Asset Management** business, Deephaven Capital Management, is a global multi-strategy alternative investment manager focused on delivering attractive risk-adjusted returns with low correlation to the broader markets for institutions and private clients.
- Our **Global Markets** business provides a broad range of customized trade execution products and services across multiple asset classes for broker-dealers, institutions and issuer companies.





2002

- Management turmoil
- Operating losses
- Legal and regulatory issues
- Excess capacity: headcount, international operations, real estate
- Slow to react to market structure changes

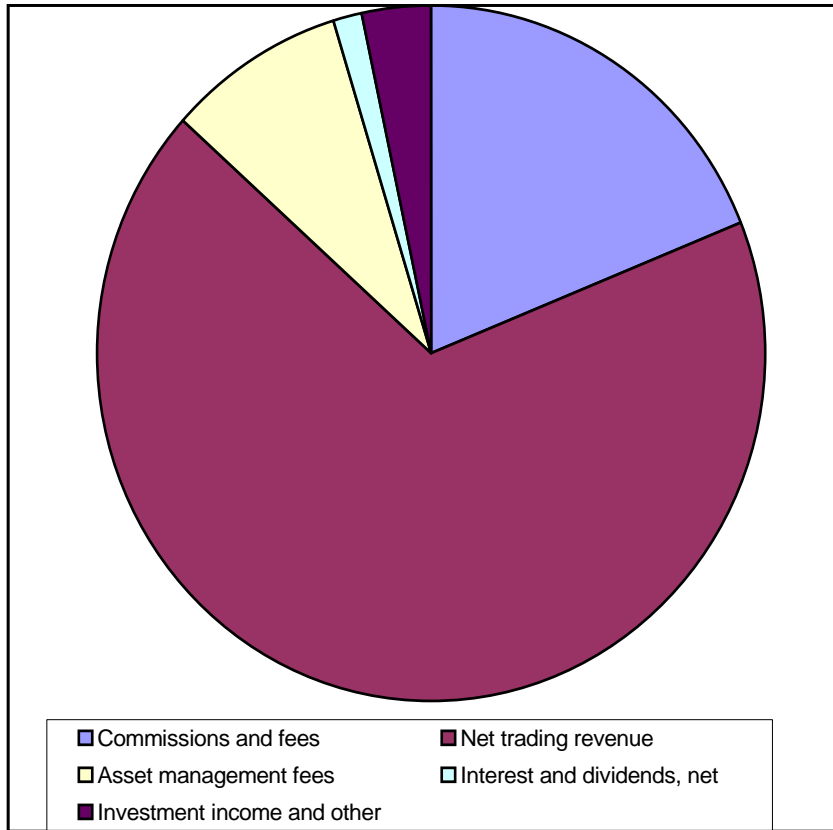
Today

- Management stability
- Client-centered culture
- Streamlined infrastructure
- Diversification strategy
- Positive cash flow generation
- Sold Derivative Markets for \$237 million
- Repurchased \$295.9 million in stock under current program through March 31, 2006
- Four acquisitions completed
- Settled major legal and regulatory issues

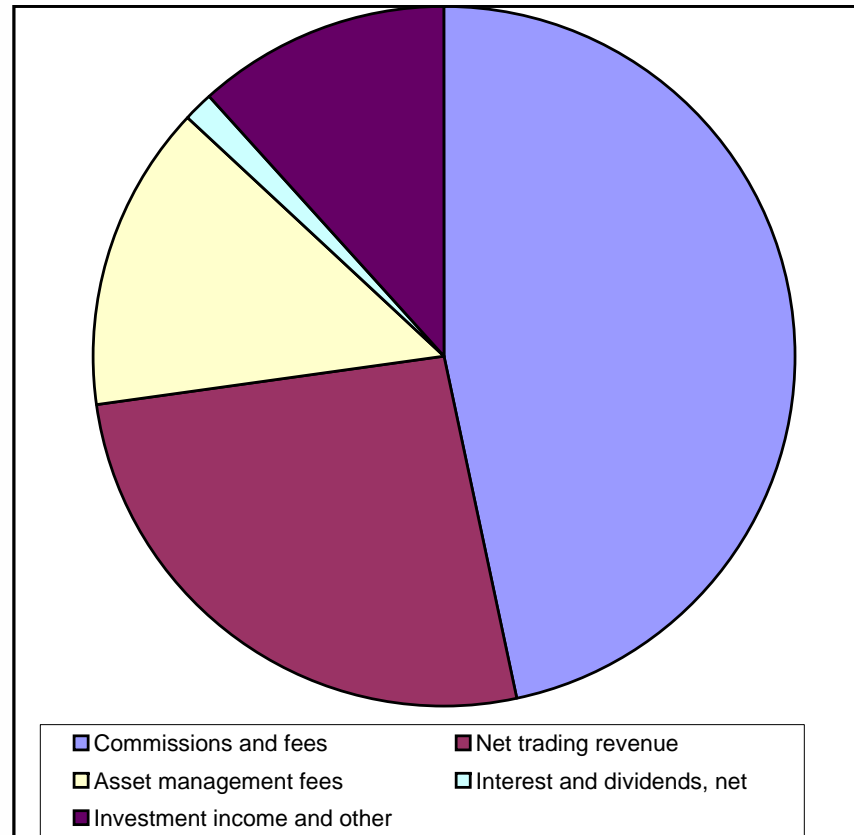




Revenue Diversification Strategy



2002



2005



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Key Financial Metrics

	<i>2002</i>	<i>2005</i>
Revenues (\$M)	39	90
Pre-tax Operating Earnings (\$M)*	16	27
Pre-tax Margins	41%	30%
Average AUM (\$M)	1,239	3,291
Average Blended Return to Investor	7.8%	7.2%

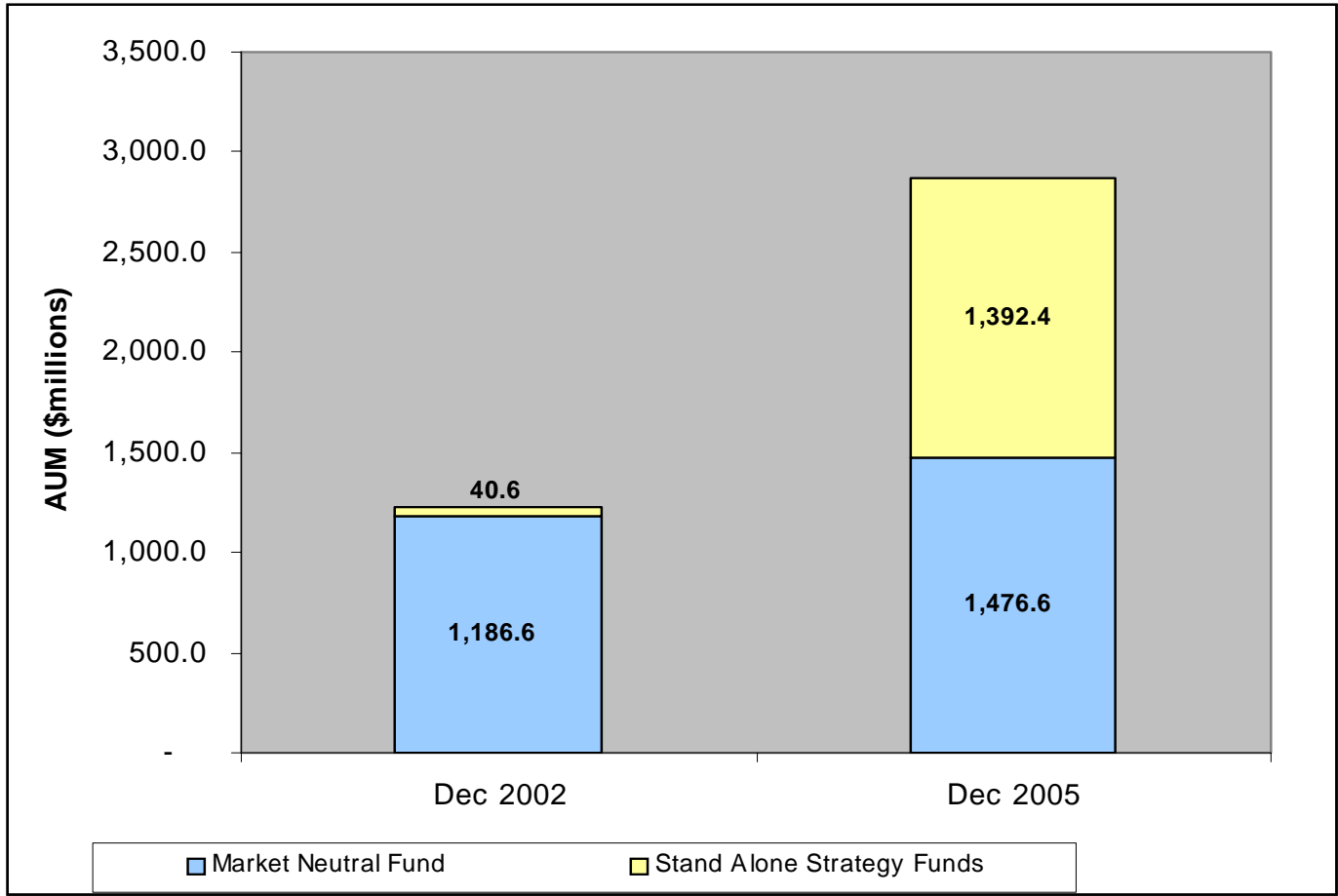


* See Regulation G Table in Exhibit A

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AUM Growth & Diversification





Investment Strategy Expansion

2002

Global Multi-strategy

Today

Global Multi-strategy

Global Event-driven

European Credit-driven

Global Convertibles

Future

Global Multi-strategy

Global Event-driven

European Credit-driven

Global Convertibles

Global Credit-driven / Distressed

Asian Multi-strategy

International Volatility

Global Relative Value Macro

■ Funds
■ Potential Funds





Key Financial Metrics

	2002	2005
Revenues (\$M)	349	471
Pre-tax Operating Earnings (\$M)*	(7)	45
Pre-tax Margins	-2%	10%
Total U.S. equity dollar value traded (\$B)	1,150	1,882
U.S. equity trades executed (M)	127	204
Nasdaq and listed equity shares traded (B)	95	106

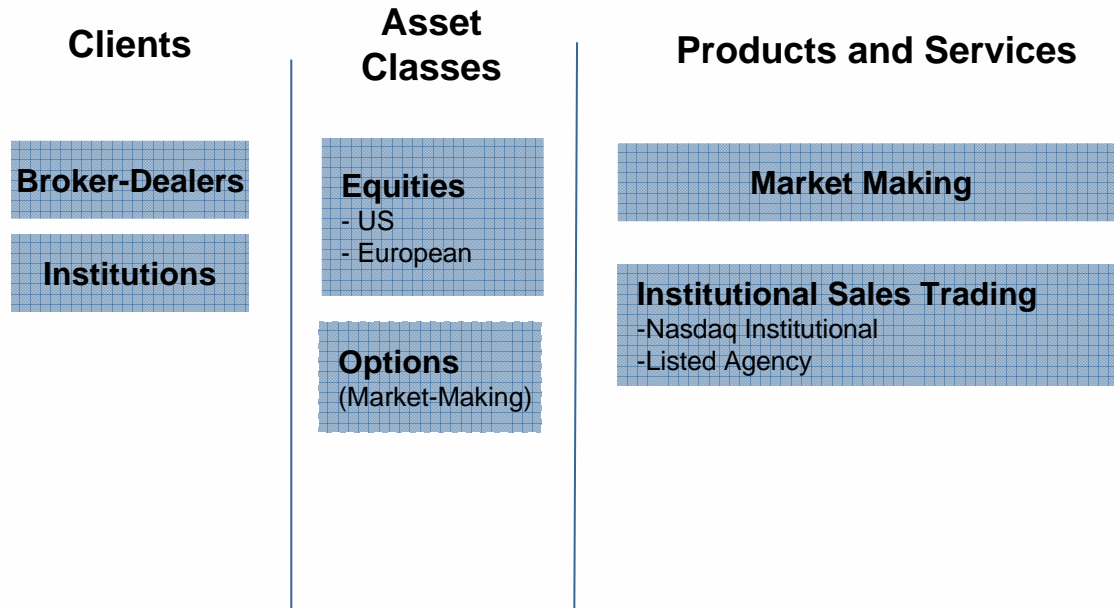


* See Regulation G Table in Exhibit A

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2002: Providing trade execution in a post-decimalization environment





2002: Strategic and Operational Commitments

Broker-Dealer

- Single, integrated sales force across client product areas
- Tailored execution services reflecting client priorities
- Cross-selling comprehensive offering to existing client base
- Client segmentation

Today

✓ **Accomplished**





Broker- Dealer Turnaround

Market Makers

2002

2005

265

40

Automation

Nasdaq

<10%

90%

Listed

<10%

80%

Execution Quality Statistics

Speed

All Nasdaq

12.2 seconds

3.8 seconds

Nasdaq 100

9.4 seconds

1.7 seconds

Effective/Quoted

All Nasdaq

122.36%

126.12%

Nasdaq 100

121.81%

116.89%

Payment for Order Flow*

(\$M)

36.3

21.2



* 2005 data include payment for order flow by Direct Edge ECN



2002: Strategic and Operational Commitments

Institutional

- Culture emphasizing clients and relationships
- Coverage plan
- Optimize cash equity trading
- Market opportunities
- Leverage trading platform for the buy side

2005

✓ **Accomplished**



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Institutional Growth

	<u>2002</u>	<u>2005</u>
Number of Clients	250	1000
Sales Traders	29	80+
Market Share*		
Listed	38/58	24/55
OTC	14/47	9/41
Nasdaq/Listed split	98% / 2%	70% / 30%
Products	2	16

** Knight's ranking out of total U.S. firms reporting institutional commissions to a third party industry source
Report dated 12/31/05*





Key Initiatives: Identify client needs and respond with services and products that meet and exceed those needs

Leverage success of broker-dealer business model to secure order flow

Expand automated market-making effort
Expand offering

Diversify institutional offering and cross sell to existing and potential clients

Deeper account penetration
Increase cross selling
Continue to hire sales traders
Grow Knight Direct (DMA) aggressively
Enhance Knight Match Crossing Network

Build Electronic Services offering

Attract liquidity to Direct Edge ECN
Integrate Hotspot
Expand product offering

Expand and diversify Asset Management segment

Increase performance against benchmarks
Launch new products
Expand distribution
Expand geographic footprint

Provide enhanced returns and new strategies for investors

Increase returns
Grow assets under management

Add \$25 million to pre-tax through accretive acquisitions

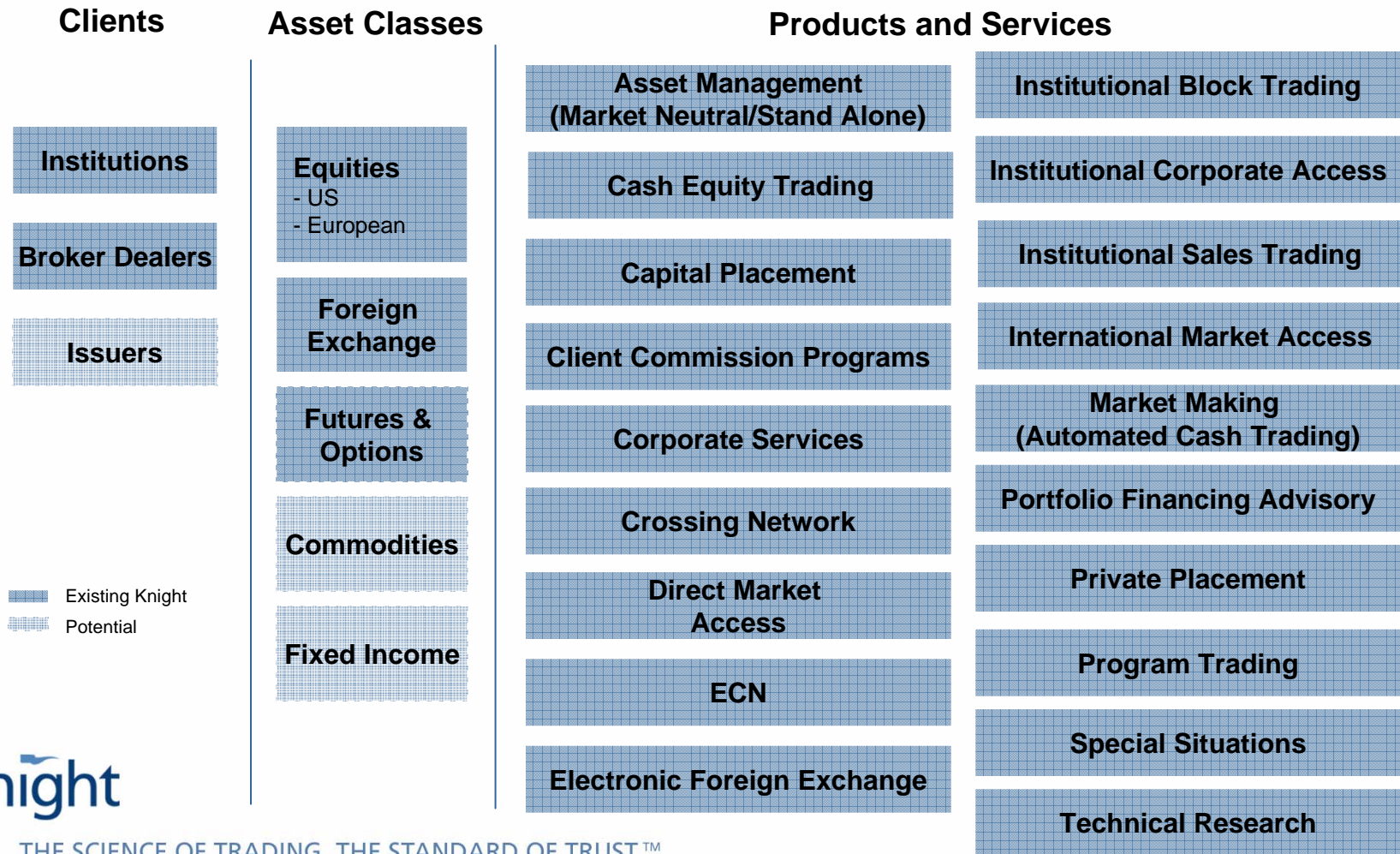
Focus on new fee-based revenue streams, cross-selling opportunities, client-base penetration and growth, new asset classes, synergy and cost savings

Continue to buy back stock, when appropriate





Creating a valued, centralized source for access to high-quality trade execution across asset classes

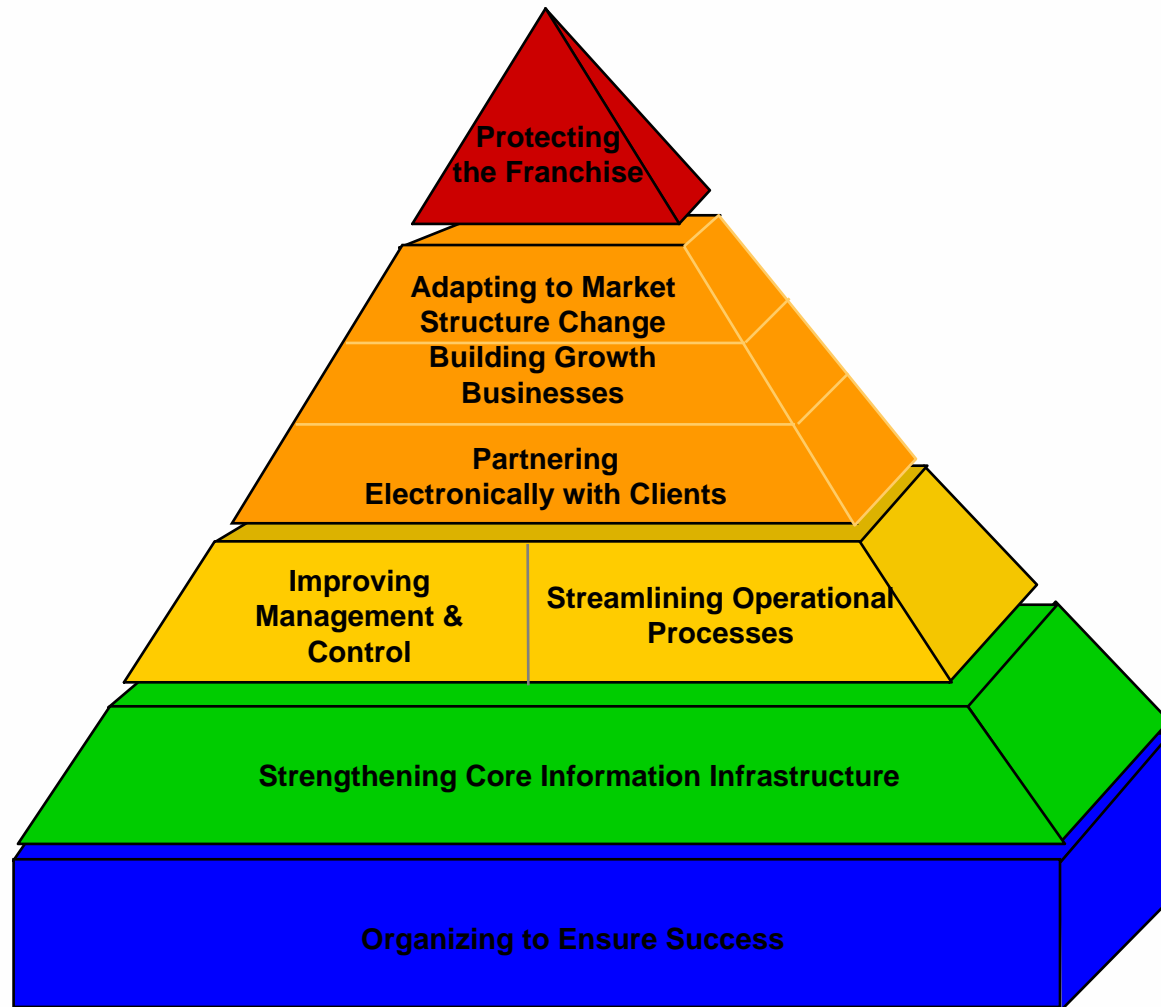


Existing Knight
Potential



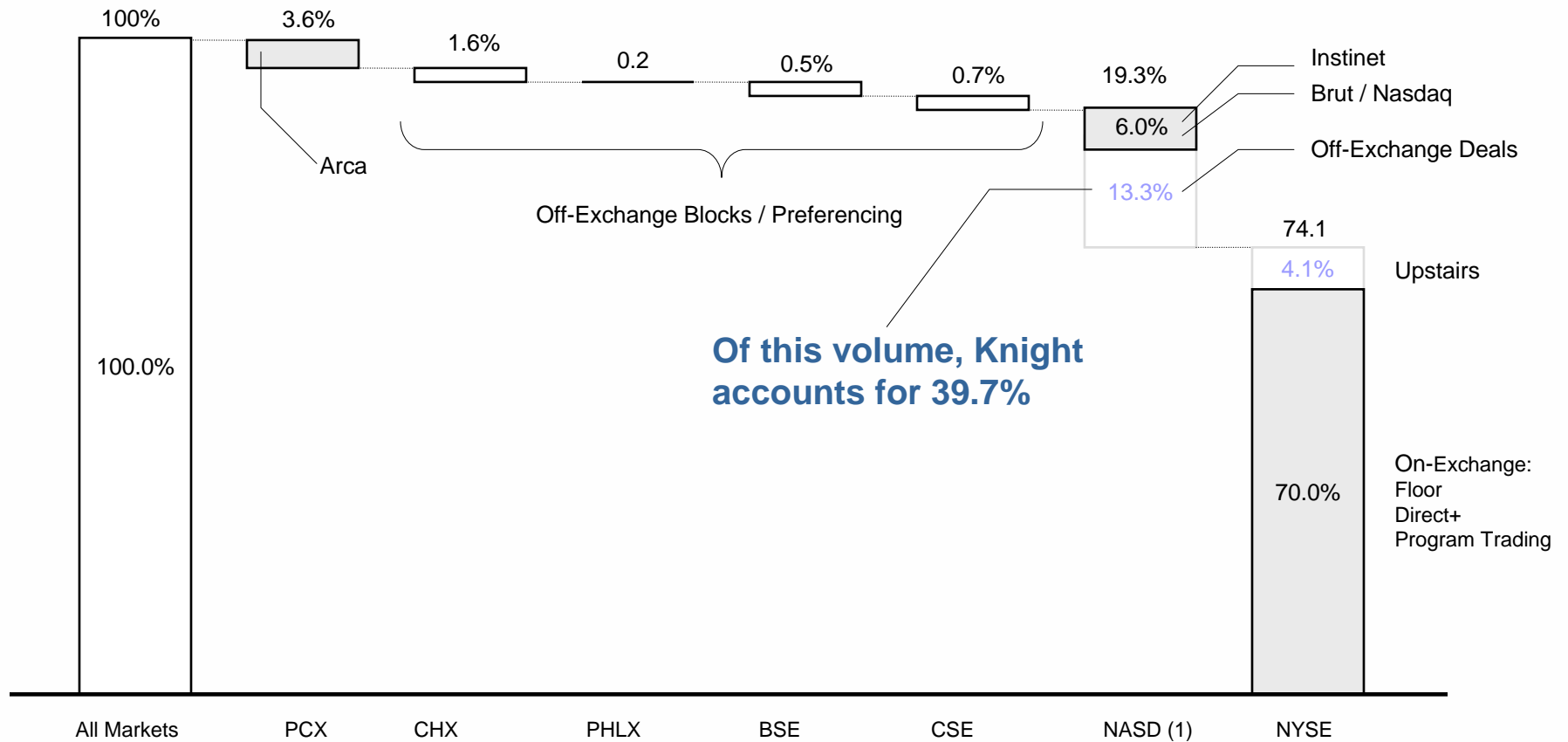


Foundation: Coordinated infrastructure across the business





Foundation: Natural liquidity – U.S. Third Market volume for Q4 2005

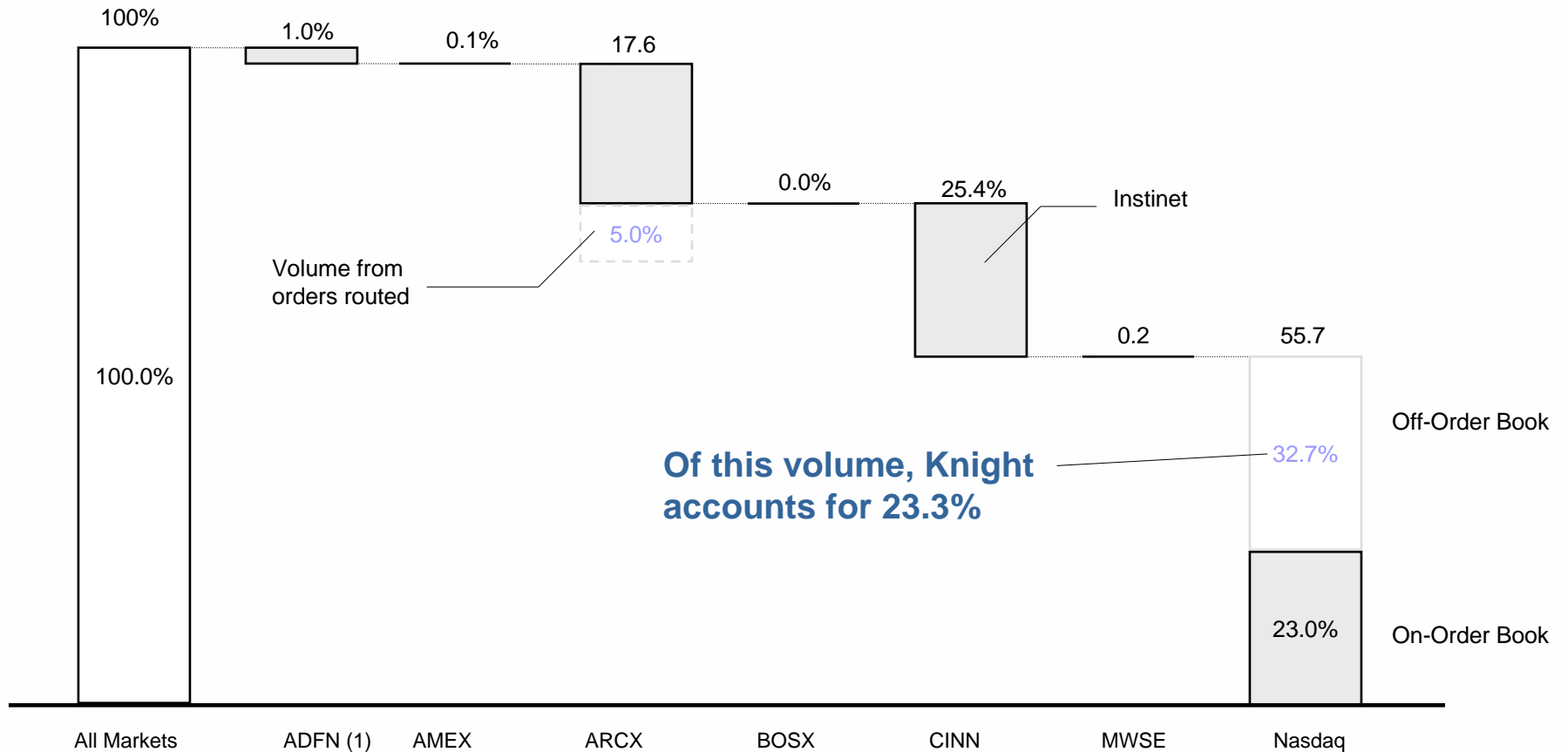


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Source: NYSE, Instinet, Archipelago, Majestic Research analysis.
 (1) NASD includes Amex



Foundation: Natural liquidity – U.S. consolidated OTC volume by market for Q4 2005

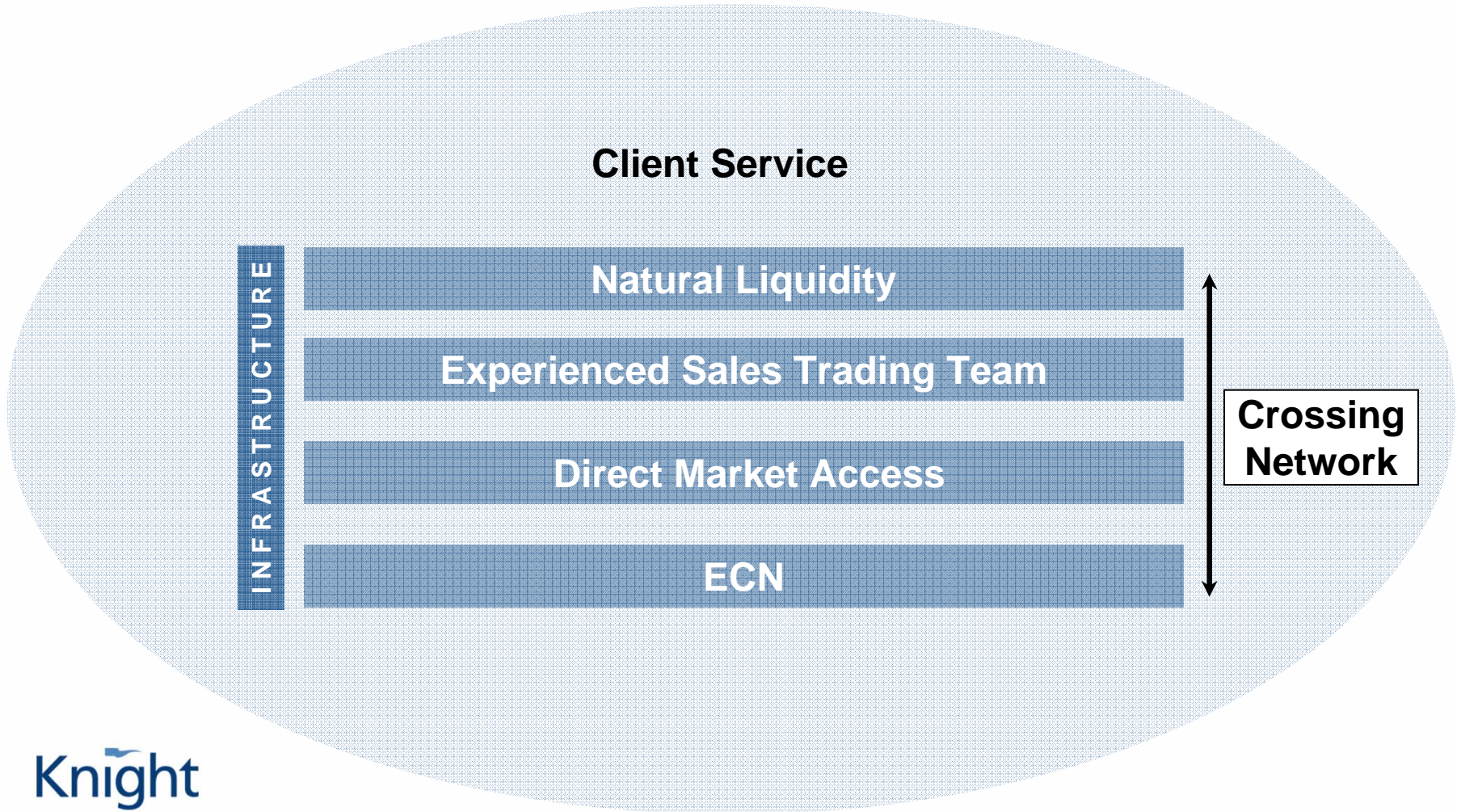


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Source: Nasdaq, Instinet, Archipelago, Majestic Research analysis. (1) ADFN is the Alternative Display Facility. Note: "For purposes of calculating monthly transaction volume on ArcaEx, we include all shares that are "handled" on ArcaEx for the month. Handled shares include both shares that are bought and sold during the month within our internal liquidity pool and shares that are routed to external market centers for execution." 25



Foundation: Our future fee-based equity model





Foundation: Solid Financial Strength

	<u>2002</u>	<u>2005</u>
Revenues (\$M)	398	635
Pre-tax Operating Earnings (\$M) *	(17)	121
Pre-tax Operating Margins	-4%	19%
Diluted Earnings per Share (\$)	(0.36)	0.62
Headcount as of 12/31	765	720
Average Shares used in Diluted EPS for year (M)	121	107
Total Stockholders' Equity as of 12/31 (\$M)	754	823
Book value per Share as of 12/31 (\$)	6.24	7.70
Repurchase Program Activity for Period		
Shares Repurchased (M)	8.0	16.1
Cost of Shares Repurchased (\$M)	41.2	147.0
Cash and Investment in Deephaven (\$M)	385.3	512.2



* See Regulation G Table in Exhibit A



Success built on our foundation for sustainability and growth

- Business built on relationships
- Fee-based model
- Offering we can cross-sell
- Agile organization that can affect change swiftly
- Scalable, nimble platform
- Concentration on pre-tax margins and capital management
- Focus on both organic and inorganic growth
- Understanding of changing market environment and strategy to manage for profitability
 - Reg NMS
 - Unbundling
 - Commission pressure





Creating choices for our clients through the right products in the right venues

- Enhancing our platform
- Adding asset classes
- Expanding our geographic presence





Knight™

- ▶ THE SCIENCE OF TRADING
- ▶ THE STANDARD OF TRUST

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Report of Inspectors of Election



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May 10, 2006



Exhibit A - Regulation G Table



Pre-Tax GAAP Income to Pre-Tax Operating Earnings

For the year ended December 31, 2005

	<u>Asset Mgmt</u>	<u>Global Markets</u>	<u>Corporate</u>	<u>Total</u>
Pre-tax GAAP Income	\$ 20.8	\$ 35.1	\$ 49.3	\$ 105.2
Writedown of assets and lease loss accrual	-	10.0	-	10.0
Regulatory charges and related matters	5.7	-	-	5.7
Pre-tax Operating Earnings	<u>\$ 26.5</u>	<u>\$ 45.1</u>	<u>\$ 49.3</u>	<u>\$ 120.9</u>

For the year ended December 31, 2002

	<u>Asset Mgmt</u>	<u>Global Markets</u>	<u>Corporate</u>	<u>Total</u>
Pre-tax GAAP Income	\$ 15.9	\$ (50.2)	\$ (29.3)	\$ (63.6)
Writedown of assets and lease loss accrual	0.1	12.5	2.8	15.4
International charges	-	31.2	-	31.2
Pre-tax Operating Earnings	<u>\$ 16.0</u>	<u>\$ (6.5)</u>	<u>\$ (26.5)</u>	<u>\$ (17.0)</u>



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