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**Knight**

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**Sandler O'Neill Global Exchange and  
Electronic Trading Conference**  
June 4, 2009



## Safe Harbor & Regulation G

### Safe Harbor

Certain statements contained herein may 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 (i) the costs, integration, performance and operation of businesses recently acquired, or that may be acquired in the future, by the Company, and (ii) the closing of the sale of substantially all of the assets of the Asset Management business and costs and expenses associated with the Company's exit from the Asset Management business. 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 disclosed in the Company's reports with the U.S. Securities and Exchange Commission (SEC), including, without limitation, those detailed under the headings "Certain Factors Affecting Results of Operations" and "Risk Factors" in the Company's Annual Report on Form 10-K for the year-ended December 31, 2008, and in other reports or documents the Company files with, or furnishes to, the SEC from time to time. This information should also be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto contained in the Company's Annual Report on Form 10-K for the year-ended December 31, 2008, and in other reports or documents the Company files with, or furnishes to, the SEC from time to time.

### 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 revenues and pre-tax income (loss) amounts for certain reporting periods before operating results of Direct Edge ECN to assist the reader 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.

## **Knight Capital Group, Inc.**

Knight Capital Group, Inc. (Nasdaq: NITE) is a leading financial services firm that provides electronic and voice access to the capital markets across multiple asset classes for buy-side, sell-side and corporate clients.

In Global Markets, we provide market access and trade execution services in global equities and fixed income. We also provide execution services in foreign exchange, futures and options plus related capital markets services.

In the Corporate segment, we invest in strategic, financial services-oriented opportunities, allocate, deploy and monitor capital and maintain all corporate overhead expenses.

More information about Knight can be found at [www.knight.com](http://www.knight.com).



# Asset Management: Deephaven Capital Management

## Exit from Asset Management

- The Asset Management segment is reported as a discontinued operation as of March 31, 2009
- Deephaven completed the sale of substantially all of its assets to Stark & Roth and its affiliates and has been replaced as investment advisor
- A small transition team at Deephaven is in the process of winding down operations

# Knight's Accomplishments and Key Differentiators

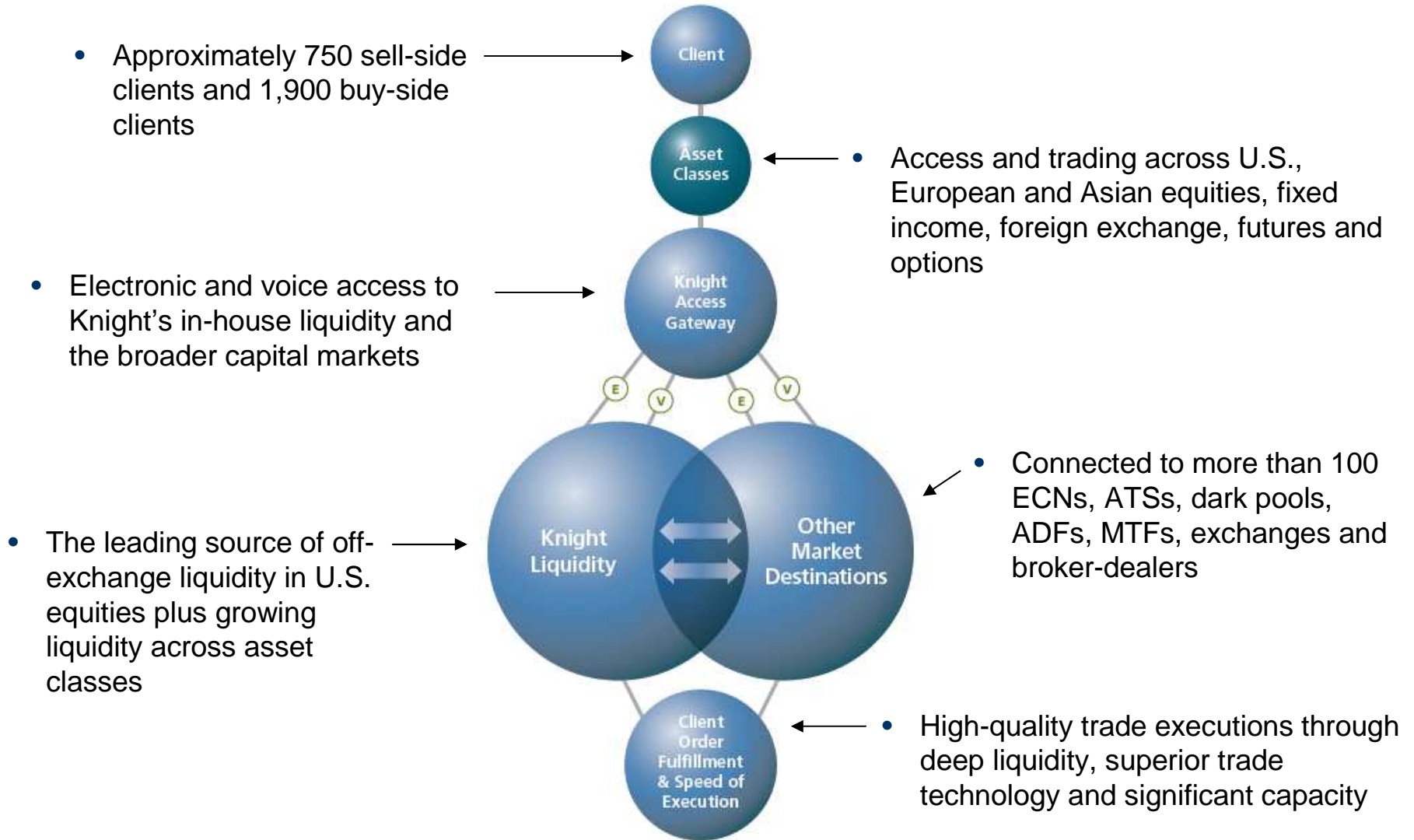
## Recent Accomplishments

- Automated processes to increase trading efficiencies
- Established the hybrid market model with complementary electronic and voice capabilities
- Grew sell-side and buy-side client base
- Added asset classes beyond U.S. equities
- Diversified revenues across clients, order flow, products and services
- Developed and implemented algorithmic trading models
- Set the stage for expansion in Europe and Asia

## Key Differentiators

- Client-centered philosophy
- Deep, natural liquidity in our virtual exchange
- Hybrid market model
- Multi-asset class market access and trade execution services
- High-quality trade executions according to client-defined measures
- Expertise in sourcing liquidity across fragmented markets
- Reliable, efficient and scalable trade technology infrastructure
- Client network connectivity
- Minimal leverage; low debt-to-equity ratio

# Global Markets: Our Virtual Exchange



# Review & Outlook: Global Markets Today

Regions	North America		Europe		Asia-Pacific (Q109)
<b>Asset Classes</b>	<b>Equities</b> North America, Europe, Asia-Pacific <b>Futures/Options</b> U.S. <b>Fixed Income</b> U.S. and International <b>Foreign Exchange and Precious Metals</b> <b>Credit Derivatives</b>		<b>Equities</b> North America, Europe, Asia-Pacific <b>Futures/Options</b> U.S. <b>Fixed Income</b> U.S. and International <b>Foreign Exchange and Precious Metals</b>		<b>Equities</b> North America, Europe, Asia-Pacific <b>Fixed Income</b> U.S. and International <b>Foreign Exchange and Precious Metals</b>
<b>Products</b>	<b>Electronic</b> Knight Direct Edge Trade Algos Knight Match Knight Link Knight BondPoint Hotspot FXi Direct Edge (19.9%)	<b>Voice</b> Broker-Dealer Cash Trading Institutional Block Trading Program Trading Special Situations Knight Libertas	<b>Electronic</b> Knight Direct EdgeTrade Algos (Q109) Knight Link (Q109) Hotspot FXi	<b>Voice</b> Institutional Block Trading Knight Libertas	<b>Voice</b> Institutional Block Trading Knight Libertas
<b>Services</b>	Commission Management, Knight Transition Management, Corporate Access, Corporate Services, Knight Portfolio Access, Knight Capital Partners, NetDelta				
<b>Client Base</b>	Broker- Dealer Institutions	Broker- Dealer Institutions	Institutions	Institutions	Institutions
<b>Client Order Flow &amp; Composition</b>	North American, European and Asian equities, Corporate Clients and Street				

## Global Markets: Broker-Dealer Client Group

- **A leading destination for trade execution services among sell-side firms and market participants, providing both market making in equities and electronic fixed income trading**
- **Asset classes:**
  - Global equities and fixed income
- **Products and services include:**
  - Broker-dealer electronic trading
  - Broker-dealer cash trading
  - Knight Link electronic access to Knight's off-exchange liquidity
  - Knight BondPoint electronic fixed income trading
  - High-velocity algorithmic principal trading models
  - Broker-dealer relationship management
  - Corporate buybacks
- **In the past six months:**
  - Gained market share and handled record trade volume
  - Knight BondPoint nearly doubled electronic fixed income trading volumes
  - Developed and refined new algorithmic trading models
  - Hired head of electronic trading group in Europe
  - Knight Link grew trade volumes and experienced exceptional growth

## Global Markets: Institutional Client Group

- **Market access and trade execution services for buy-side firms, combining traditional equity sales and trading with innovative electronic trading across multiple asset classes**
- **Asset classes:**
  - Global equities, foreign exchange, futures and options
- **Products and services include:**
  - U.S., European and Asian equity sales and trading, block trading, program trading and special situations
  - Knight Direct direct market access
  - EdgeTrade Algorithmic Suite
  - Hotspot FXi foreign exchange ECN
  - Commission management and commission recapture
  - Knight Match dark pool
  - Knight Transition Management
- **In the past six months:**
  - Launched European algorithmic suite
  - Established institutional sales and trading team in Hong Kong
  - Expanded electronic offering for European clients
  - Knight Direct added trading capabilities in complex options and foreign exchange

## Global Markets: U.S. Equities Market Share

### All Listed (NYSE) Securities YTD 2009

Rank	Firm	Advertised Volume	% of Total
<b>1</b>	<b>Knight</b>	<b>53,002,846</b>	<b>15.5%</b>
2	UBS	50,480,241	14.8%
3	Citigroup	37,492,875	11.0%
4	Morgan Stanley	29,085,427	8.5%
5	Credit Suisse	28,899,240	8.4%

### All NASDAQ Securities YTD 2009\*

Rank	Firm	Advertised Volume	% of Total
<b>1</b>	<b>Knight</b>	<b>29,685,814</b>	<b>22.1%</b>
2	UBS	16,400,220	12.2%
3	Citigroup	13,319,383	9.9%
4	Morgan Stanley	10,815,722	8.0%
5	Merrill Lynch	7,898,386	5.9%

### All Bulletin Board Securities YTD 2009

Rank	Firm	Advertised Volume	% of Total
<b>1</b>	<b>Knight</b>	<b>241,011,379</b>	<b>80.2%</b>
2	UBS	26,060,703	8.7%
3	Citigroup	18,647,474	6.2%
4	Hudson Securities	5,260,584	1.8%
5	Goldman Sachs	2,290,874	0.8%

**Knight is the leading source of off-exchange liquidity in U.S. equities among all securities firms**

**In addition, Knight has greater share volume than any U.S. exchange**

**In the first quarter of 2009, Knight executed:**

- 3.8 million in average daily trades
- 5.5 billion in average daily share volume
- \$19.9 billion in average daily dollar value traded

Source: Based on advertised volumes through AutEx BlockData year-to-date through May 2009.

\* Includes NASDAQ Global Market (GM), Capital Market (CM) and Global Select Market (GSM) segments.

## Global Markets: Institutional Fixed Income

- **Acquired in July 2008, Knight Libertas is a riskless principal, fixed income broker-dealer providing trade execution and investment research to buy-side firms across a broad range of fixed income securities**
- **Securities include:**
  - High Yield and High Grade Corporate Bonds
  - Distressed Debt
  - Asset- and Mortgage-Backed Securities
  - Convertible Bonds
  - Syndicated Loans
  - Emerging Markets
- **Knight Libertas Fixed Income Research produces fundamental investment research that starts with valuation and reaches across an issuer's capital structure**
- **Knight Libertas also offers capital markets services, including private placements, to middle-market corporate issuers**
- **In the past six months, more than 50 new hires including:**
  - Traders covering Investment Grade, High Yield, ABS, Convertibles, Bank Loans and Emerging Markets
  - Research analysts

## Global Markets: Acquisitions

### Acquisitions

- **Fixed income**
  - Knight Libertas (July 2008) institutional fixed income sales, trading and research
  - Knight BondPoint (October 2006) electronic fixed income trading solutions
- **Foreign exchange**
  - Hotspot FX (April 2006) institutional foreign exchange ECN
- **Agency-only algorithms**
  - EdgeTrade (January 2008) agency-only algorithmic trading strategies
- **Execution management system**
  - Knight Direct (June 2005) direct market access to a broker-neutral platform offering trading across multiple asset classes
- **Commission Management**
  - Knight commission management programs (December 2003)

Recent acquisitions contributed \$66 million in revenue or 27% of total Global Markets revenues in the first quarter of 2009, compared to 13% in the first quarter of 2008.

## Global Markets: Approach to Risk Management

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- **Quantitative market making, high-velocity algorithmic principal trading models and institutional capital facilitation**
  - Primarily a function of facilitating client orders
  - Short holding periods
  - Inventory is highly liquid and marked-to-market daily
- **Risk controls**
  - Real-time monitoring
  - Risk limits by strategy and account
  - Risk committee
- **Target value at risk (VAR) of less than or equal to one day's revenues**
- **Minimal leverage**



## Corporate: Overview and Recap

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- **Strategic investments and gains**
  - Direct Edge: Total pre-tax gain of \$66 million through December 2008 on initial investment of approximately \$23 million in 2005; Knight retains a 19.9% ownership stake in Direct Edge
  - International Securities Exchange (ISE): Total pre-tax gain of \$64 million on initial investment of approximately \$5 million in 1998 / 2002
  - NASDAQ: Total pre-tax gain of \$22 million on initial investment of approximately \$17 million in 2000
- **Corporate investments in the Deephaven Funds**
  - Since 2002, total earnings of \$81 million on an average balance of \$181 million
  - In conjunction with the completion of the sale of assets, Deephaven was replaced as investment advisor
  - Knight maintains a balance of approximately \$32 million as of April 1, 2009
- **Corporate overhead expenses ranged from \$7 to \$11 million per quarter over the past two years**



## Financials: Consolidated Overview

	2006	2007	2008	1Q08	1Q09
<b>Revenues</b>					
Global Markets	\$ 571.3	\$ 636.5	\$ 937.8	\$ 202.2	\$ 250.4
Corporate	66.9	27.1	1.1	(8.2)	(5.0)
<b>Total Revenues</b>	<u>\$ 638.3</u>	<u>\$ 663.6</u>	<u>\$ 938.9</u>	<u>\$ 194.0</u>	<u>\$ 245.4</u>
<b>Pre-Tax</b>					
Global Markets	\$ 151.5	\$ 184.4	\$ 357.5	\$ 78.9	\$ 67.0
Corporate	31.4	4.3	(23.8)	(19.0)	(16.0)
<b>Total Pre-Tax</b>	<u>\$ 182.9</u>	<u>\$ 188.7</u>	<u>\$ 333.6</u>	<u>\$ 59.9</u>	<u>\$ 51.0</u>

NOTE: Metrics exclude the results of Direct Edge

## Financials: Consolidated Margin Trend Analysis

### 3 Year Trend Analysis

% of Revenue	2006	2007	2008
Employee compensation	35	38	35
Execution and clearance	15	13	11
Payments for order flow	4	5	5
Other operating expenses	17	16	15
Pre-tax operating income	33	28	36

## Financials: Strong Consolidated Balance Sheet

### Balance Sheet as of March 31, 2009

- \$337 million in cash
- 67% of assets readily convertible to cash
- Over \$200 million in available capital
- Shareholders' equity of \$1.0 billion
- Debt of \$140 million in term credit facility
- Debt to equity ratio of 0.13
- Book value of \$11.50 per diluted share

### Buyback Summary as of March 31, 2009

- Repurchased 67.1 million shares for \$750.4 million since 2002
- Average cost of shares repurchased was \$11.18
- \$249.6 million remaining under the \$1 billion program



## Global Markets: Growth Strategy and 2009 Goals

### Growth Strategy

- Expand market access and trade execution services
- Grow the client base of buy- and sell-side firms
- Capture an ever-greater share of client trade volume
- Continue building pools of liquidity across asset classes
- Bring our client offering and approach to trading to new geographies

### 2009 Goals

- Grow market share in global equities and fixed income
- Build new pools of liquidity across asset classes
- Expand electronic access and trading capabilities
- Continually develop and refine High-velocity algorithmic principal trading models
- Increase cross-selling to buy- and sell-side clients
- Continue to add sell-side, buy-side and corporate issuer clients
- Expand presence in Europe and Asia
- Continue to build capital markets services for corporate issuers



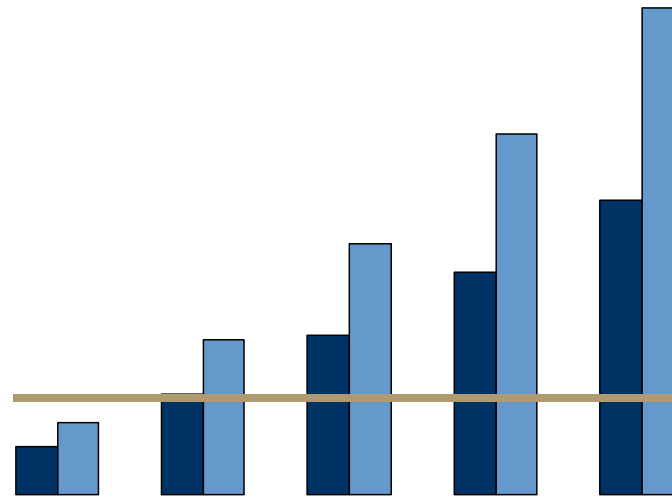


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# Review & Outlook: Global Markets Goal By 2014

Regions	North America		Europe		Asia-Pacific		Latin America
<b>Asset Classes</b>	Equities North America, Europe, Asia-Pacific and Latin America Futures/Options Fixed Income Foreign Exchange and Precious Metals Credit Derivatives		Equities North America, Europe, Asia-Pacific and Latin America Futures/Options Fixed Income Foreign Exchange and Precious Metals Credit Derivatives		Equities North America, Europe, Asia-Pacific and Latin America Futures/Options Fixed Income Foreign Exchange and Precious Metals		Equities North America, Europe, Asia-Pacific and Latin America Fixed Income Foreign Exchange and Precious Metals
<b>Products</b>	<b>Electronic</b> Knight Direct Edge Trade Algos Knight Match Knight Link KnightBondPoint Hotspot FXi Direct Edge (19.9%)	<b>Voice</b> Broker-Dealer Cash Trading Institutional Block Trading Program Trading Special Situations Knight Libertas	<b>Electronic</b> Knight Direct Edge Trade Algos Knight Match Knight Link KnightBondPoint Hotspot FXi Direct Edge (19.9%)	<b>Voice</b> Broker-Dealer Cash Trading Institutional Block Trading Program Trading Special Situations Knight Libertas	<b>Electronic</b> Knight Direct EdgeTrade Algos KnightLink Hotspot FXi	<b>Voice</b> Institutional Block Trading Knight Libertas	<b>Voice</b> Institutional Block Trading Knight Libertas FX Options Self-Clearing Transaction Cost Analysis
<b>Services</b>	<b>New Initiatives:</b> Option MM      Prop Trading Convertibles    Electronic Fixed Income CDS Settlement    FX Options Self-Clearing    Prime Brokerage Risk Metrics      Pollution /Energy Trading Transaction Cost Analysis		<b>New Initiatives:</b> Option MM      Prop Trading CDS Settlement    FX Options Self-Clearing    Prime Brokerage Risk Metrics Transaction Cost Analysis Pollution /Energy Trading		<b>New Initiatives:</b> FX Options Prop Trading Self-Clearing Prime Brokerage Risk Metrics Transaction Cost Analysis Pollution /Energy Trading		
	Commission Management, Knight Transition Management, Corporate Access, Corporate Services, Knight Portfolio Access, Knight Capital Partners, NetDelta						
<b>Client Base</b>	Broker-Dealer Institutions	Broker-Dealer Institutions	Broker-Dealer Institutions	Broker-Dealer Institutions	Broker-Dealer Institutions	Broker-Dealer Institutions	Broker-Dealer Institutions
<b>Client Order Flow &amp; Composition</b>	North American, European, Asian and Latin American equities, Corporate Clients, Street						

## Review & Outlook: Our Five-Year Financial Goals



**10%**

**Revenue Growth**

**15%**

**Pre-Tax Growth**

**20%**

**Minimum Pre-Tax Margins**

- Goal of \$2.2 billion in revenues for Global Markets by 2014
  - Five-year CAGR on organic growth of 12%
  - Five-year CAGR on overall revenue growth of 18%

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# Appendix



## Reconciliation of GAAP Revenues to Non-GAAP Revenues

<b>Q1 2009</b>	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 250	\$ (5)	\$ 245
Direct Edge Revenues	-	-	-
<b>Revenues, excluding Direct Edge</b>	<u>\$ 250</u>	<u>\$ (5)</u>	<u>\$ 245</u>
<b>2008</b>	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 938	\$ 1	\$ 939
Direct Edge Revenues	-	-	-
<b>Revenues, excluding Direct Edge</b>	<u>\$ 938</u>	<u>\$ 1</u>	<u>\$ 939</u>
<b>2007</b>	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 690	\$ 27	\$ 717
Direct Edge Revenues	(54)	-	(54)
<b>Revenues, excluding Direct Edge</b>	<u>\$ 637</u>	<u>\$ 27</u>	<u>\$ 664</u>
<b>2006</b>	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Revenues</b>	\$ 604	\$ 67	\$ 671
Direct Edge Revenues	(33)	-	(33)
<b>Revenues, excluding Direct Edge</b>	<u>\$ 571</u>	<u>\$ 67</u>	<u>\$ 638</u>

NOTE: In USD millions

## Reconciliation of GAAP Income to Non-GAAP Income

<b>Q1 2009</b>	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Pre-Tax Income</b>	\$ 67	\$ (16)	\$ 51
Direct Edge Pre-Tax Loss	-	-	-
<b>Pre-Tax Income, excluding Direct Edge</b>	<u>\$ 67</u>	<u>\$ (16)</u>	<u>\$ 51</u>
<b>2008</b>			
	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Pre-Tax Income</b>	\$ 358	\$ (24)	\$ 334
Direct Edge Pre-Tax Loss	-	-	-
<b>Pre-Tax Income, excluding Direct Edge</b>	<u>\$ 358</u>	<u>\$ (24)</u>	<u>\$ 334</u>
<b>2007</b>			
	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Pre-Tax Income</b>	\$ 180	\$ 4	\$ 185
Direct Edge Pre-Tax Loss	4	-	4
<b>Pre-Tax Income, excluding Direct Edge</b>	<u>\$ 184</u>	<u>\$ 4</u>	<u>\$ 189</u>
<b>2006</b>			
	<b>Global Markets</b>	<b>Corporate</b>	<b>Consolidated</b>
<b>GAAP Pre-Tax Income</b>	\$ 150	\$ 31	\$ 182
Direct Edge Pre-Tax Loss	1	-	1
<b>Pre-Tax Income, excluding Direct Edge</b>	<u>\$ 152</u>	<u>\$ 31</u>	<u>\$ 183</u>

NOTE: In USD millions

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