



**Sandler O'Neill + Partners: Global Exchange and  
Electronic Trading Conference  
June 5, 2008**



**Thomas M. Joyce  
Chairman and CEO  
Knight Capital Group, Inc.**

## Safe Harbor & Regulation G

### Safe Harbor

Certain statements contained herein, and the documents incorporated by reference, 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 the costs, integration, performance and operation of businesses recently acquired, or that may be acquired in the future, 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 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, 2007, 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, 2007, 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 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.

## Knights Capital Group, Inc.

Knights 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.

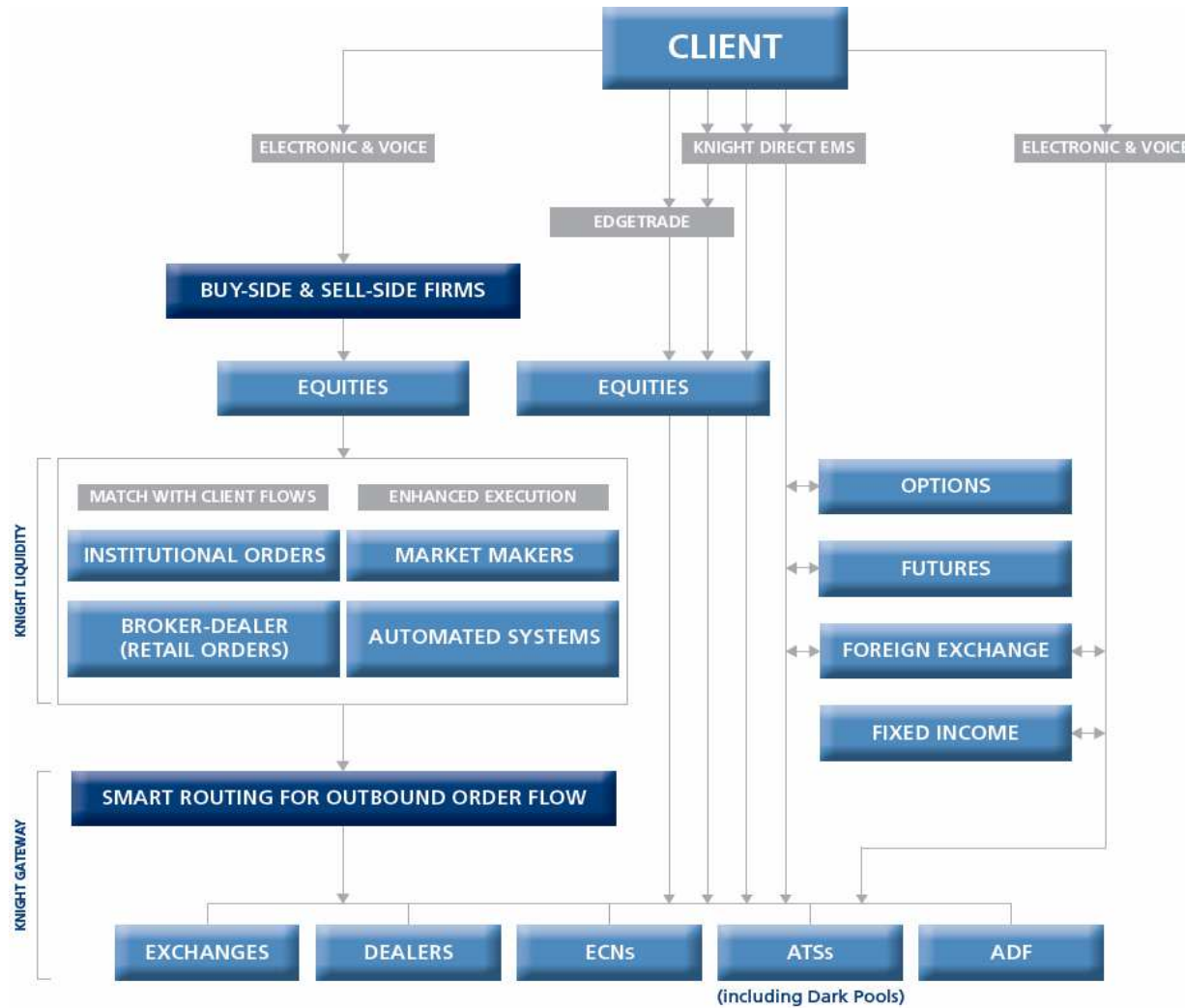
In Global Markets, we provide market access and trade execution services in nearly every U.S. equity security and a large number of international securities, futures, options, foreign exchange and fixed income. We offer high-quality trade executions through natural liquidity, trading technology and capital facilitation, with comprehensive products and services that support alpha creation and capital formation.

In Asset Management, Knights owns a 51 percent stake in Deephaven Holdings with Deephaven Partners controlling the remaining 49 percent as of February 1, 2008. Deephaven ([www.deephavenfunds.com](http://www.deephavenfunds.com)) is a global, multi-strategy alternative investment manager serving institutions and private clients.

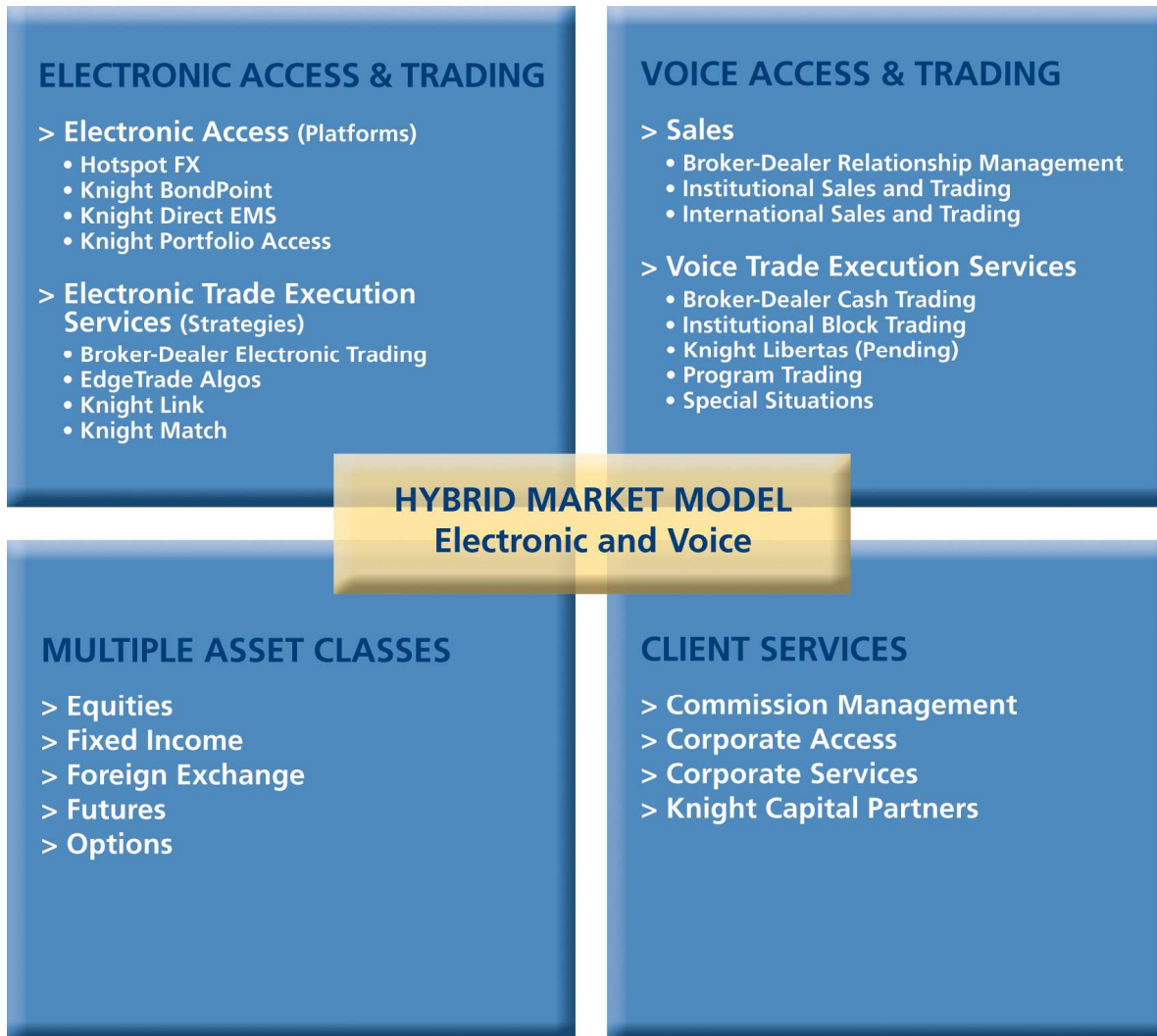
More information about Knights (Nasdaq: NITE) can be found at [www.knight.com](http://www.knight.com).



# Global Markets: Our Virtual Exchange



# Global Markets: Our Hybrid Market Model



## Global Markets: Sell-Side Clients

Knight is the leading destination for broker-dealer trade execution services.

- Industry-leading execution quality according to SEC Rule 605 mandates governing speed, effective-over-quoted spread and price improvement
- Exchange-like infrastructure, automated trade execution and expansive smart order routing with the capacity to handle more than 5 million trades a day
- Cash traders to handle oversized or difficult-to-handle executions
- Large client service team

|                    | Market Center | Effective / Quoted | Price Improved | At-or-Better |
|--------------------|---------------|--------------------|----------------|--------------|
| <b>S&amp;P 500</b> | <b>Knight</b> | <b>98.0</b>        | <b>65.3%</b>   | <b>88.3%</b> |
|                    | ATD           | 111.4              | 65.8%          | 88.0%        |
|                    | Citadel       | 106.7              | 61.8%          | 85.8%        |
|                    | UBS           | 124.0              | 38.0%          | 84.9%        |
| <b>NASDAQ 100</b>  | <b>Knight</b> | <b>102.2</b>       | <b>58.2%</b>   | <b>90.4%</b> |
|                    | ATD           | 103.3              | 65.8%          | 90.3%        |
|                    | Citadel       | 114.2              | 56.8%          | 85.5%        |
|                    | UBS           | 117.3              | 44.5%          | 85.5%        |

- Increased electronic trading and efficient order handling practices resulted in industry-leading execution quality in both the S&P 500 and NASDAQ 100

**NOTE:** Calculations are for April 2008 in market orders of all sizes (100 – 9999 shares). Data provided by Thomson Transaction Analytics.

## Global Markets: Buy-Side Clients

Knight market access and trade execution services for institutional firms experienced client growth of 70% from 2005 to 2007.

- Customized trading solutions that allow clients to effectively source liquidity, maintain anonymity, measure performance and control costs
- Sales traders and cash traders to handle large block orders, difficult-to-trade issues, IPOs and “story” stocks
- Sophisticated algorithms to find liquidity in fragmented markets
- A broker-neutral trading platform, Knight Direct EMS, providing clients with direct market access



## Global Markets: Liquidity Across Asset Classes

### Foreign Exchange

- **Hotspot FX** operates spot foreign exchange ECNs for buy- and sell-side firms as well as private clients offering flexible market access and trade execution services.
  - **Hotspot FXi** is ideally suited to short-term technical models and high-speed algorithmic trading systems with executable market data that supports best execution and transaction cost analysis
  - **Hotspot FXr** extends the benefits of a ECN marketplace to the fast growing, increasingly sophisticated retail market segment

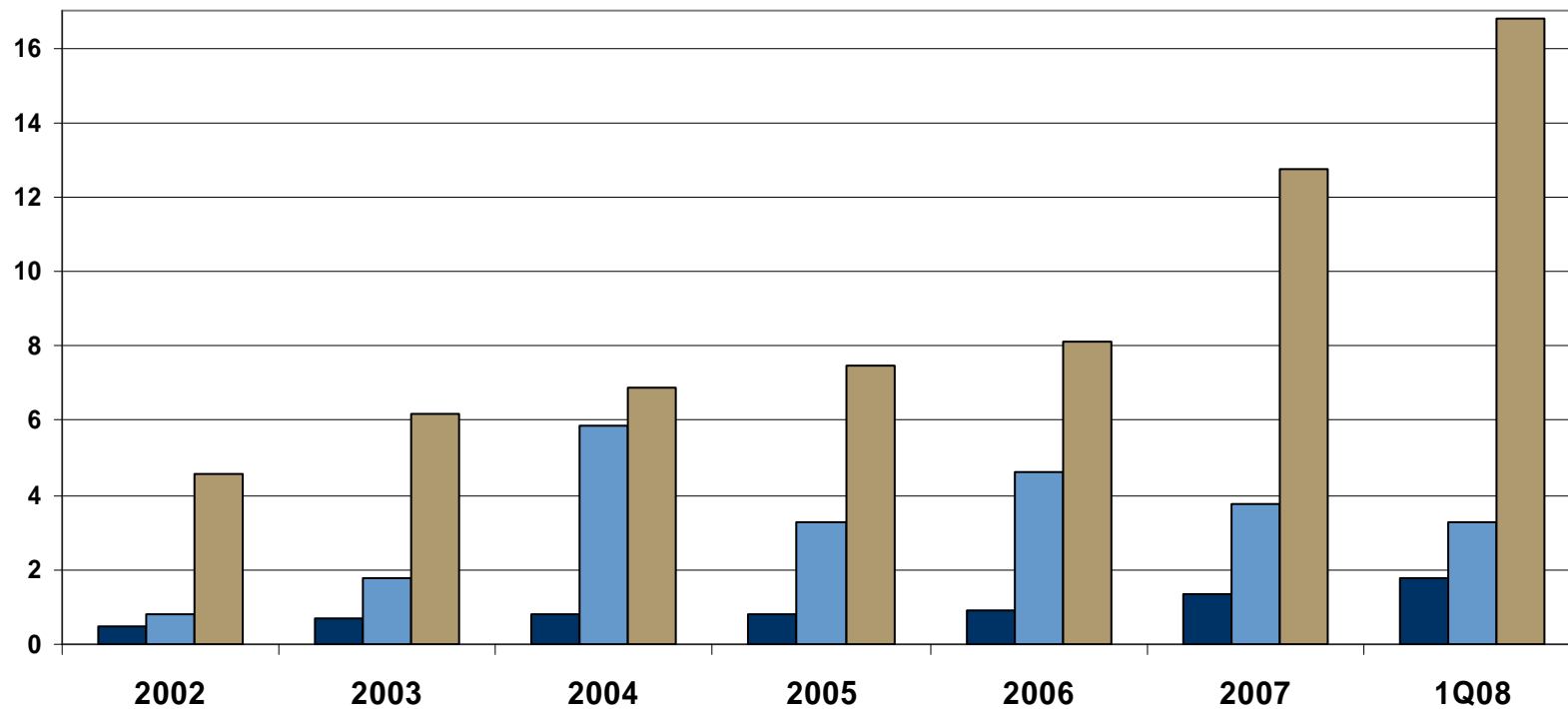
### Fixed Income

- Knight is enhancing and expanding fixed income market access and trade execution services for buy- and sell-side firms.
  - On January 24<sup>th</sup>, we re-launched **Knight BondPoint**, our electronic fixed income trading solution for sell-side firms
  - On May 6<sup>th</sup>, we announced the acquisition of **Libertas Holdings, LLC**, a leading agency-only, boutique fixed income broker-dealer based in Greenwich, CT that serves buy-side firms; We expect to close the acquisition in the fall of 2008



# Global Markets: Avg. Daily U.S. Equity Volume

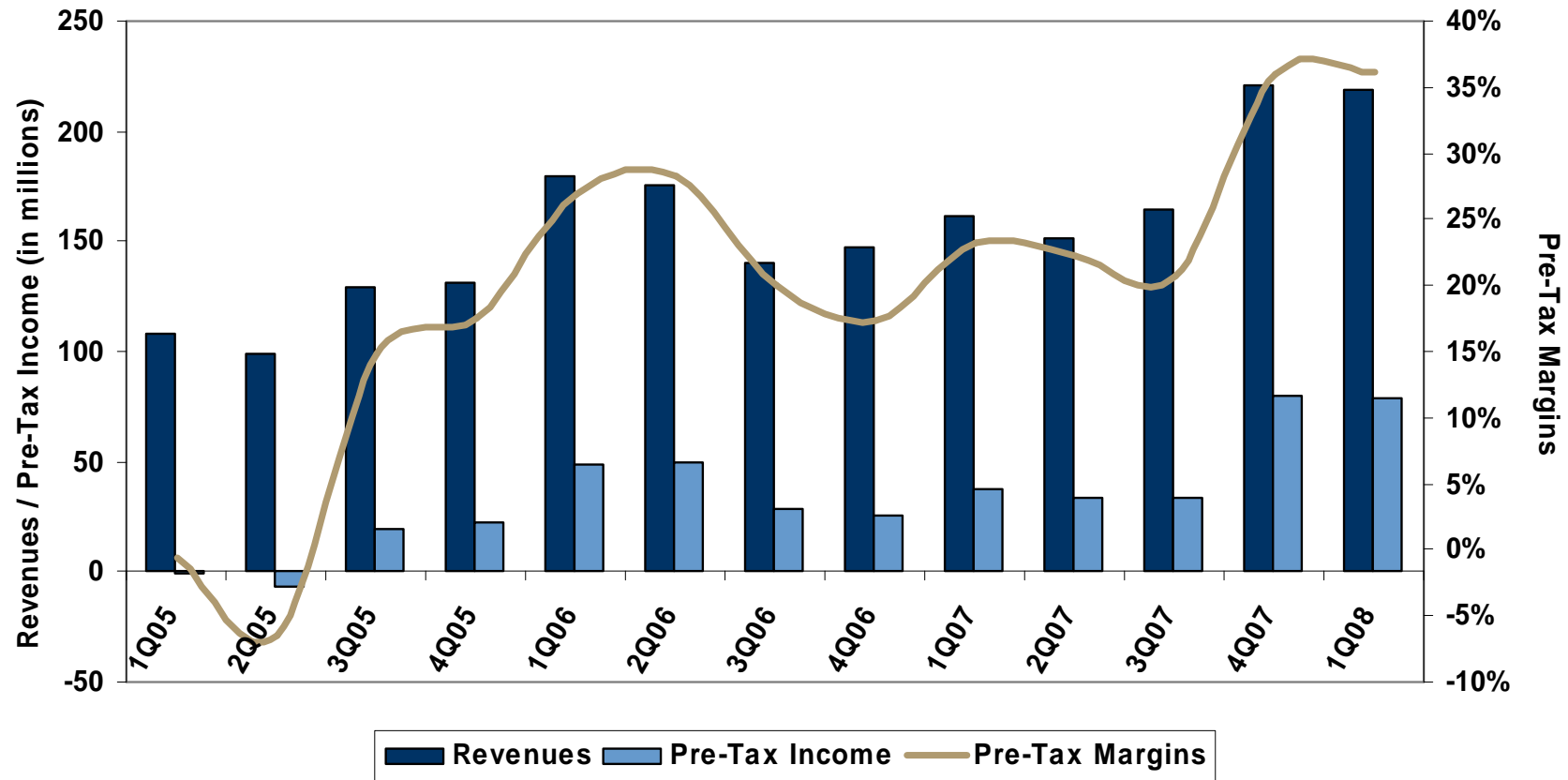
Average Daily U.S. Equity Volume



- CAGR from 2005 to 2007 of 28% in average daily U.S. equity trade volume, 7% in shares traded and 31% in dollar value traded



# Global Markets: Revenues, Income and Margins

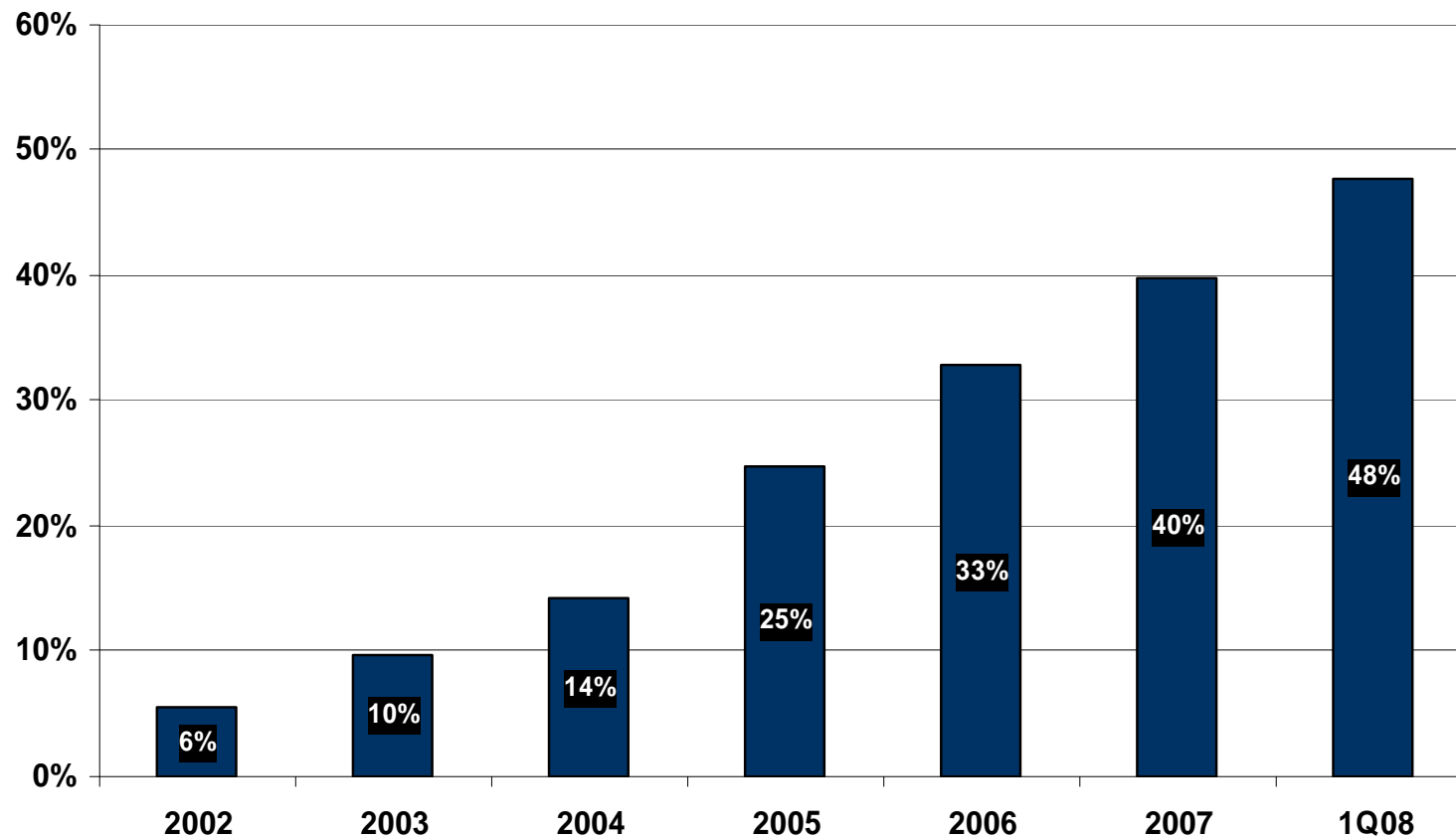


NOTE: Metrics exclude the results of Direct Edge ECN



## Global Markets: Electronic Revenues

Electronic Revenues as a Percentage of Total Global Markets Revenues



• CAGR from 2005 to 2007 of 55% (Metrics exclude the results of Direct Edge ECN)



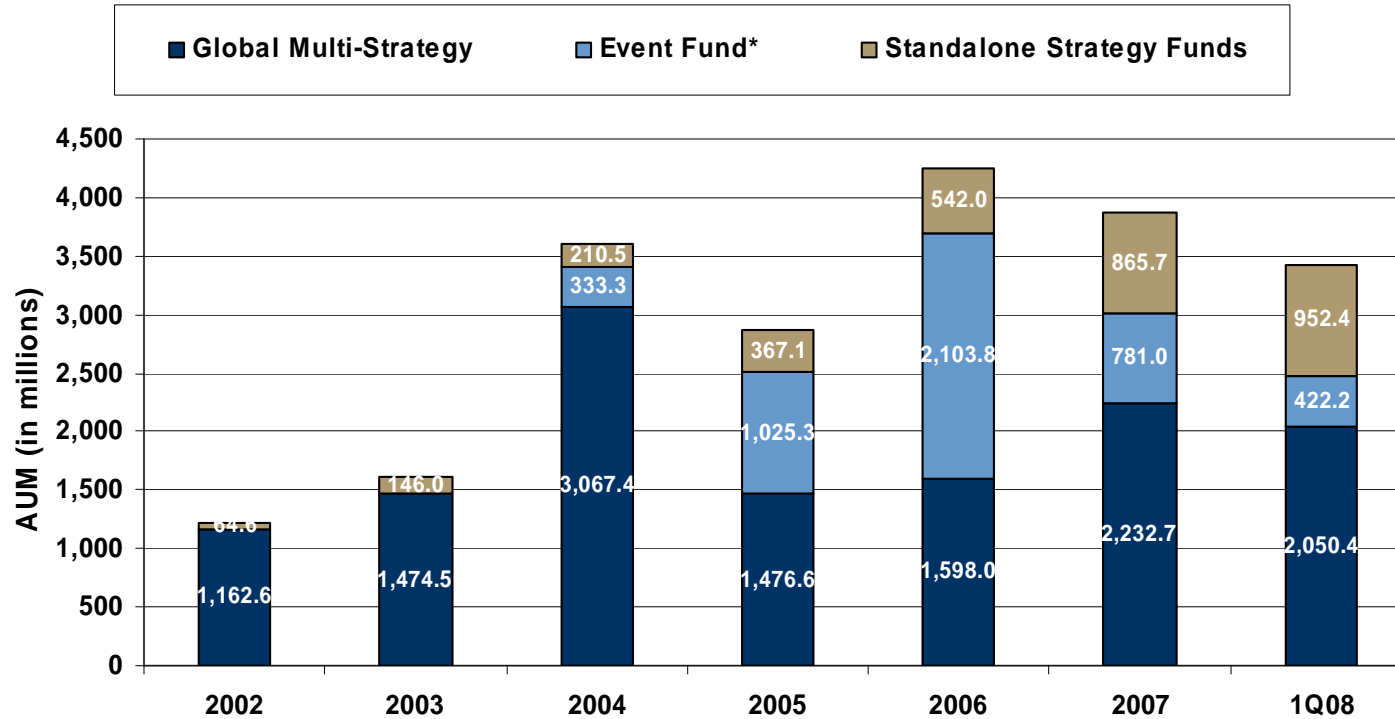
## Asset Management: Deephaven Overview

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- As of February 1, 2008, Knight owns 51% of Deephaven with Deephaven Partners controlling the remaining 49%
- A global, multi-strategy alternative investment manager
  - Founded in 1994 with offices in Minnetonka, London and Hong Kong
- Multi- and single-strategy funds delivering attractive, risk-adjusted returns with low correlation to the broader markets
  - Blended fund performance of 12.3% from 2005 to 2007
  - Announced the closing of the Event Fund on January 31, 2008
- AUM of \$3.5 billion as of April 1, 2008
  - Clients include banks, insurance companies, funds of hedge funds, corporate and public pension plan sponsors, trusts, endowments, foundations and private clients



# Asset Management: Deephaven AUM and Fund Offering



\* NOTE: Deephaven announced the closing of the Event Fund LLC and Event Fund Ltd. on January 31, 2008

## Diversified Fund Offering:

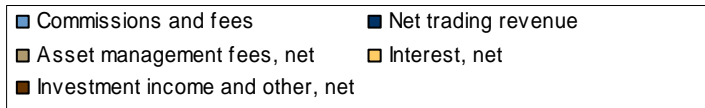
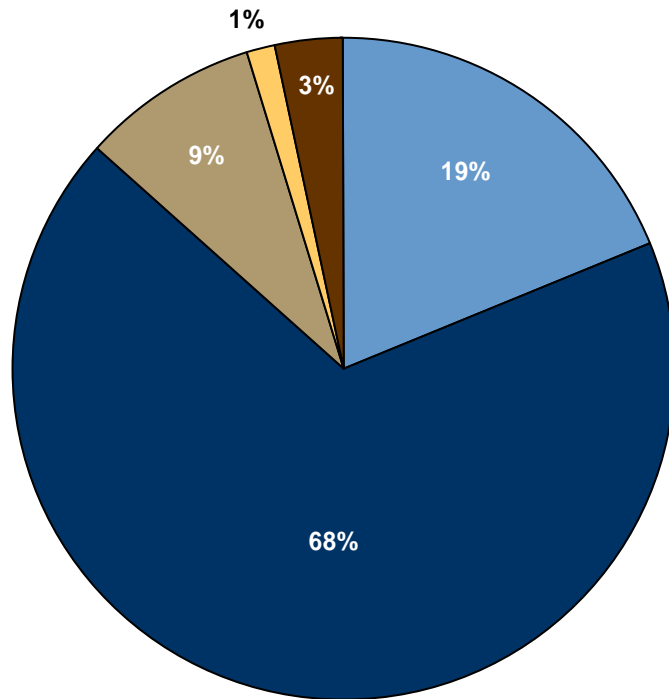
- Global Multi-Strategy
- Event
- Credit Opportunities
- Int'l Volatility Strategies
- Global Value Partners
- European Event
- Managed Accounts

## Blended Returns:

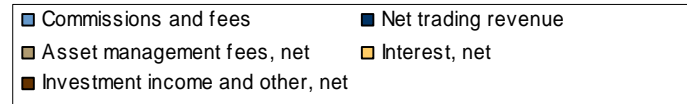
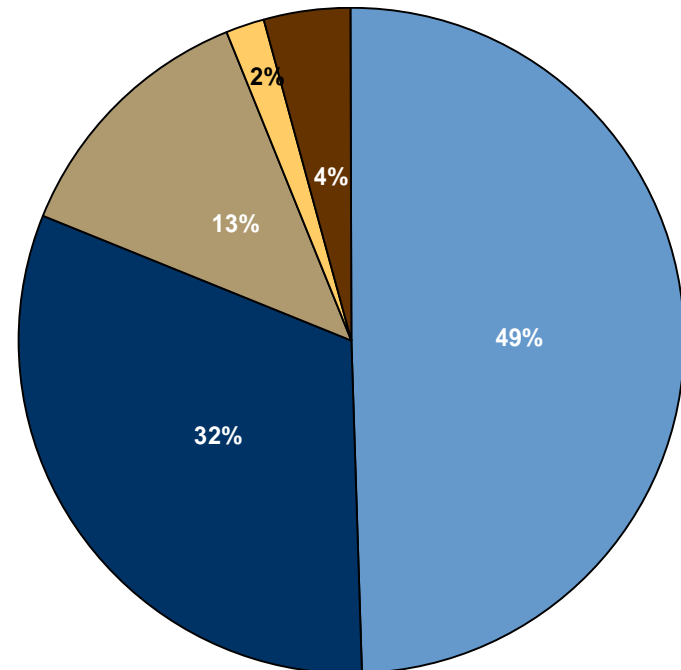
- 2002: 7.8%
- 2003: 13.9%
- 2004: 6.5%
- 2005: 7.2%
- 2006: 22.8%
- 2007: 6.8%
- 1Q08: – 8.0%

# Consolidated: Revenue Diversification (2002 to 2007)

2002 Revenues

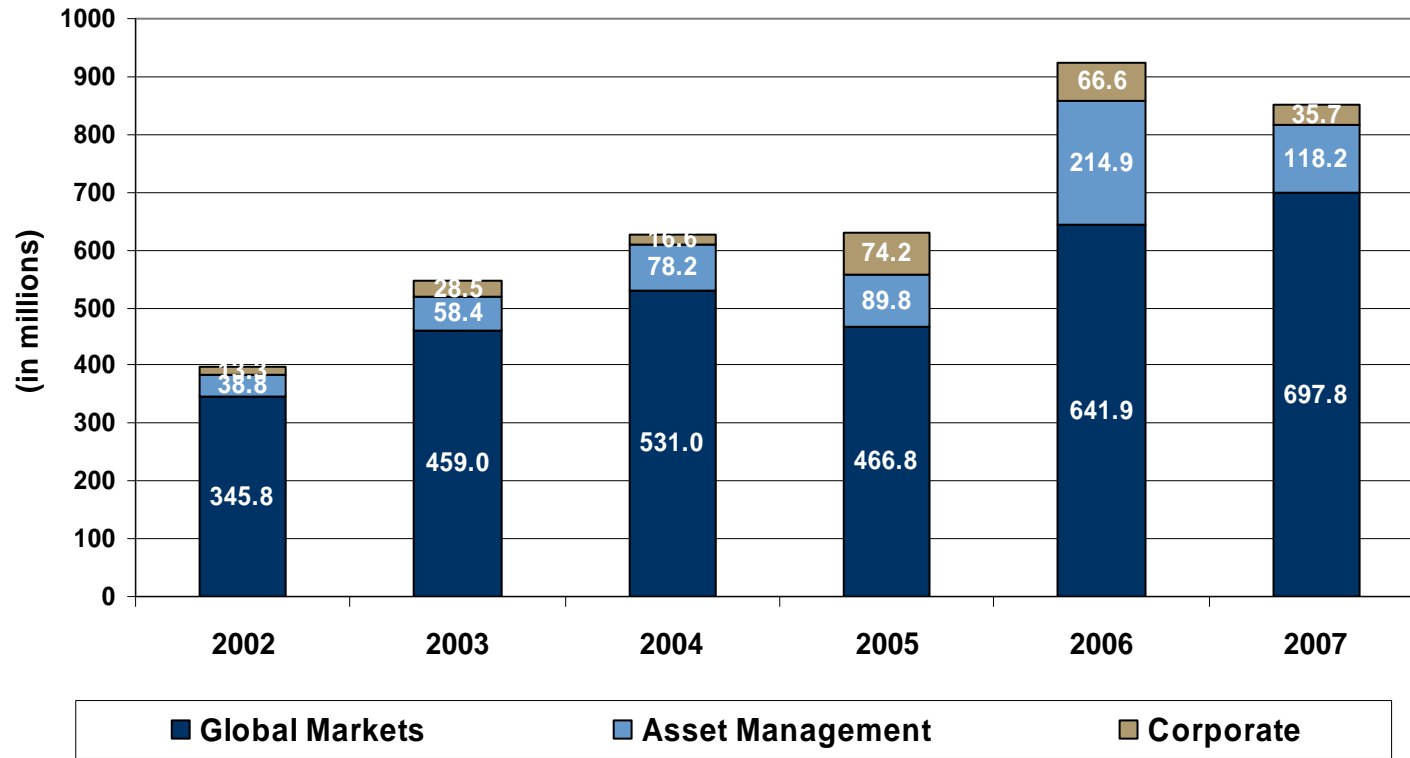


2007 Revenues



# Consolidated: Revenues

Total Revenues by Segment

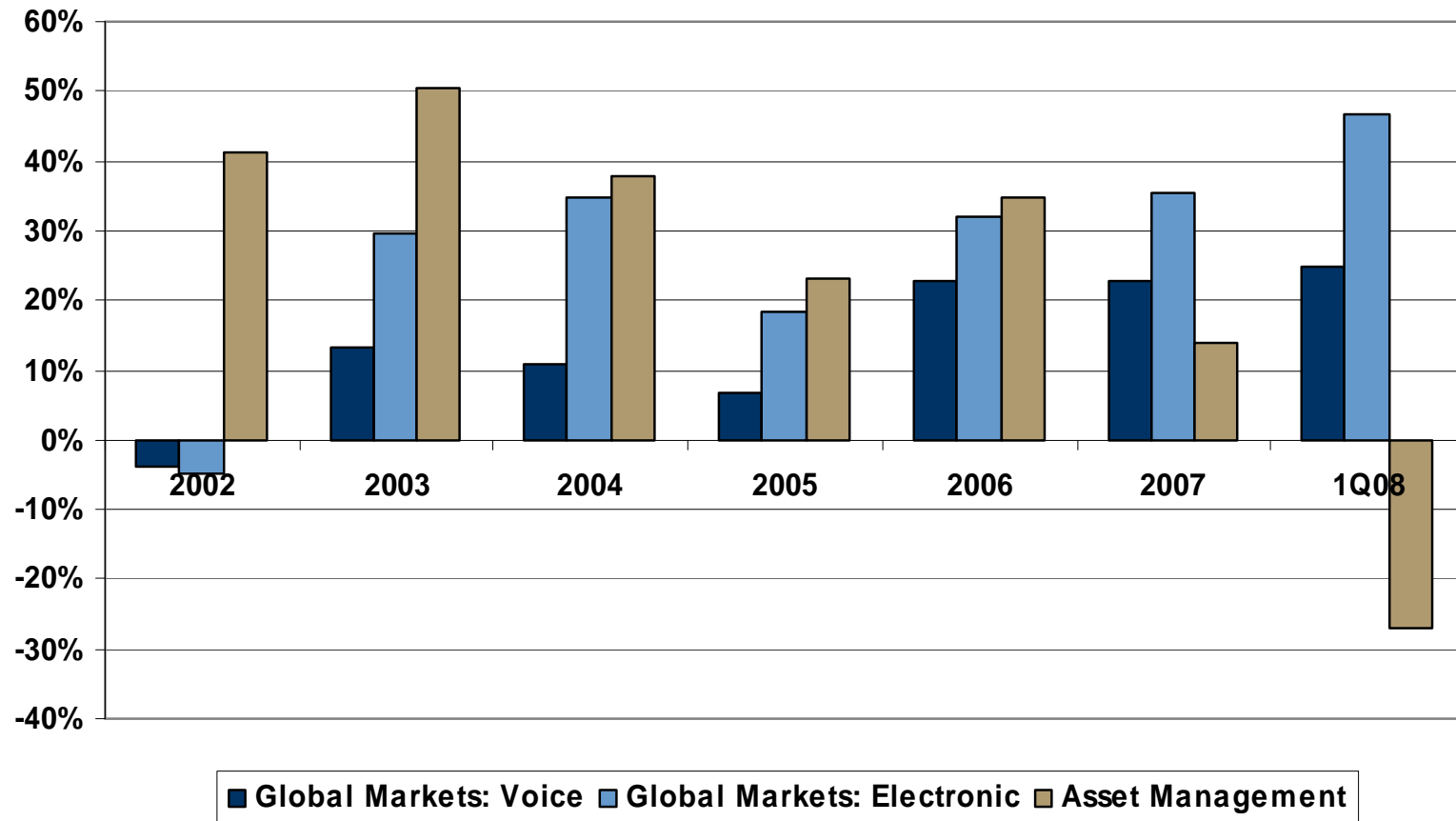


NOTE: Metrics exclude the results of Direct Edge ECN



# Consolidated: Pre-Tax Margins

Pre-Tax Margins

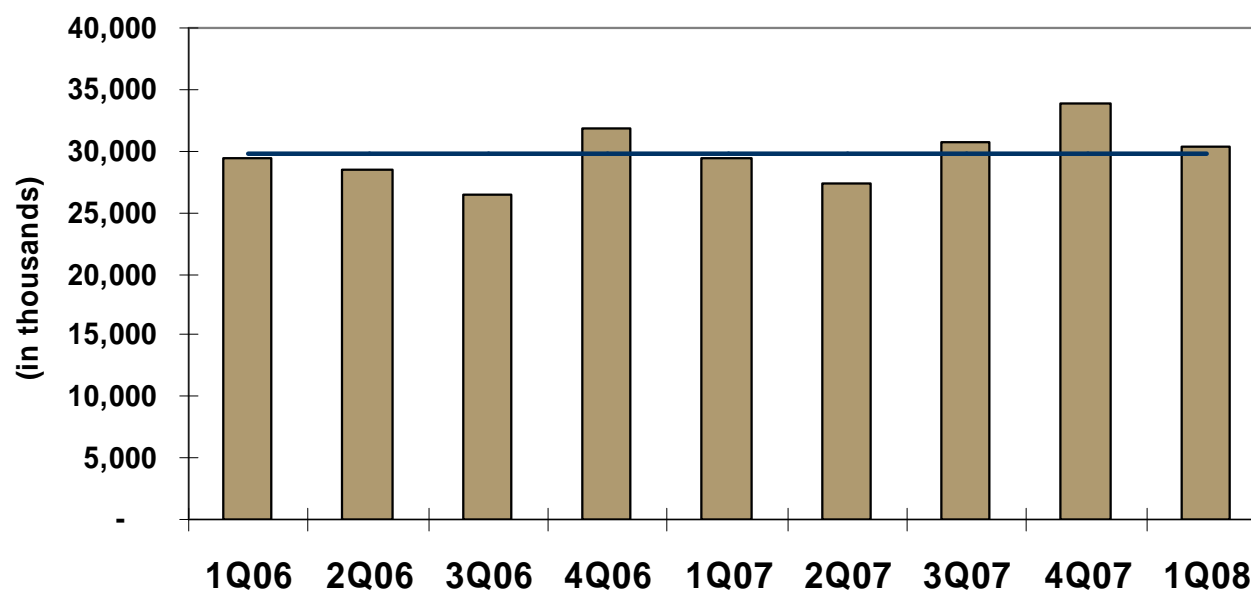


NOTE: Chart excludes pre-tax margins for 'Global Markets: Advisory/Other' and 'Corporate'



## Consolidated: Direct Expenses

**Other Direct Expenses**  
(excluding compensation, writedowns and charges)



## Consolidated: Financial Condition

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### Balance sheet as of March 31, 2008

- \$222 million in cash
- Corporate investment in the Deephaven funds of \$74 million
- Debt of \$70 million in term credit facility
- Shareholders' equity of \$930 million
- Book value of \$10.05 per diluted share

### Share repurchase program as of March 31, 2008

- Repurchased 60.6 million shares for \$649 million since inception
- \$351 million remaining under the \$1 billion program



## Opportunity Ahead

Knights is rapidly evolving into a leading specialty capital markets firm and is actively expanding offerings, growing the client base and diversifying revenues. Among the opportunities ahead in 2008:

- Increase cross-selling to sell-side and buy-side clients
- Further expansion in Europe as well as Asia (2009)
- Continue building new pools of liquidity across asset classes
- Expand presence of EdgeTrade algorithms
- Improve Deephaven fund performance and grow AUM



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**Addendum**



## Reconciliation of GAAP Revenues to Non-GAAP Revenues

| <b>Q1 2008</b>                         | <b>Global Markets</b> | <b>Asset Management</b> | <b>Corporate</b> | <b>Consolidated</b> |
|--|-----------------------|-------------------------|------------------|---------------------|
| <b>GAAP Revenues</b>                   | \$ 219                | \$ 15                   | \$ (9)           | \$ 225              |
| Direct Edge Revenues                   | -                     | -                       | -                | -                   |
| <b>Revenues, excluding Direct Edge</b> | <u>\$ 219</u>         | <u>\$ 15</u>            | <u>\$ (9)</u>    | <u>\$ 225</u>       |
| <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)                |
| <b>Revenues, excluding Direct Edge</b> | <u>\$ 698</u>         | <u>\$ 118</u>           | <u>\$ 36</u>     | <u>\$ 852</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)                |
| <b>Revenues, excluding Direct Edge</b> | <u>\$ 642</u>         | <u>\$ 215</u>           | <u>\$ 67</u>     | <u>\$ 923</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)                 |
| <b>Revenues, excluding Direct Edge</b> | <u>\$ 467</u>         | <u>\$ 90</u>            | <u>\$ 74</u>     | <u>\$ 631</u>       |

## Reconciliation of GAAP Income to Non-GAAP Income

| <b>Q1 '08</b>                                 | <b>Global Markets</b> | <b>Asset Management</b> | <b>Corporate</b> | <b>Consolidated</b> |
|---|-----------------------|-------------------------|------------------|---------------------|
| <b>GAAP Pre-Tax Income</b>                    | \$ 79                 | \$ (3)                  | \$ (19)          | \$ 57               |
| Minority Interest                             | -                     | (2)                     | -                | (2)                 |
| <b>Pre-Tax Income after minority interest</b> | <u>\$ 79</u>          | <u>\$ (4)</u>           | <u>\$ (19)</u>   | <u>\$ 56</u>        |
| <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                   |
| <b>Pre-Tax Income, excluding Direct Edge</b>  | <u>\$ 184</u>         | <u>\$ 17</u>            | <u>\$ 4</u>      | <u>\$ 205</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                   |
| <b>Pre-Tax Income, excluding Direct Edge</b>  | <u>\$ 152</u>         | <u>\$ 75</u>            | <u>\$ 31</u>     | <u>\$ 258</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                      | -                     | -                       | -                | -                   |
| <b>Pre-Tax Income, excluding Direct Edge</b>  | <u>\$ 35</u>          | <u>\$ 21</u>            | <u>\$ 49</u>     | <u>\$ 105</u>       |

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