



THE SCIENCE OF TRADING. THE STANDARD OF TRUST.™

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Safe Harbor

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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.

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

Knight 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

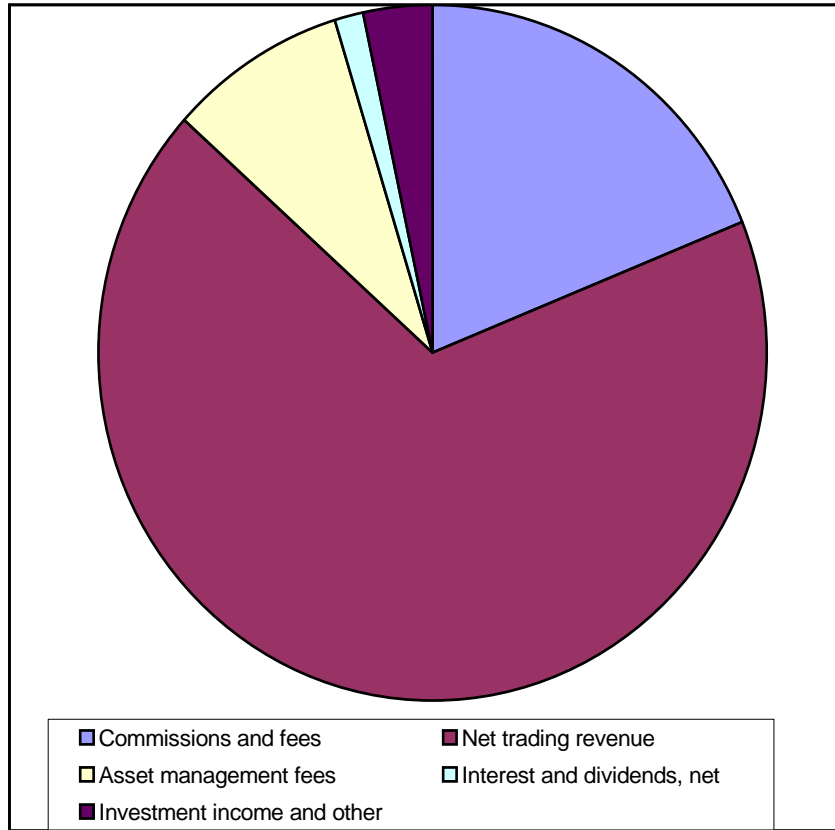
- Management turmoil
- Operating losses
- Legal and regulatory issues
- Excess capacity: headcount, international operations, real estate
- Slow to react to market structure changes

Today

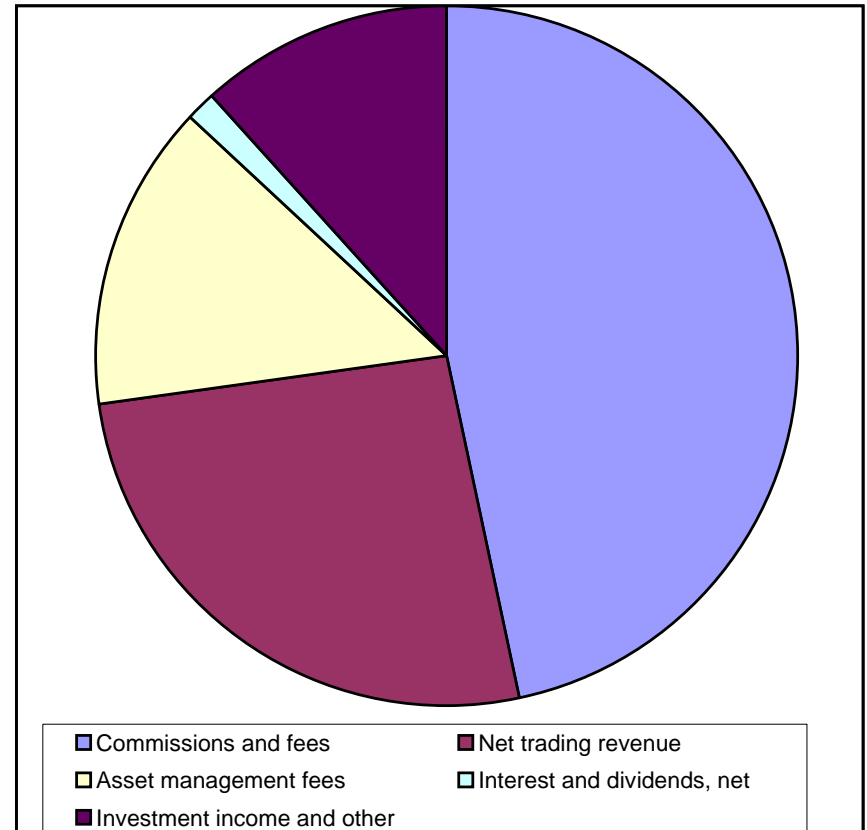
- Management stability
- Client-centered culture
- Streamlined infrastructure
- Diversification strategy
- Positive cash flow generation
- Sold Derivative Markets for \$237 million
- Repurchased \$295.9 million in stock under current program through March 31, 2006
- Four acquisitions completed
- Settled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



Revenue Diversification Strategy



2002



2005

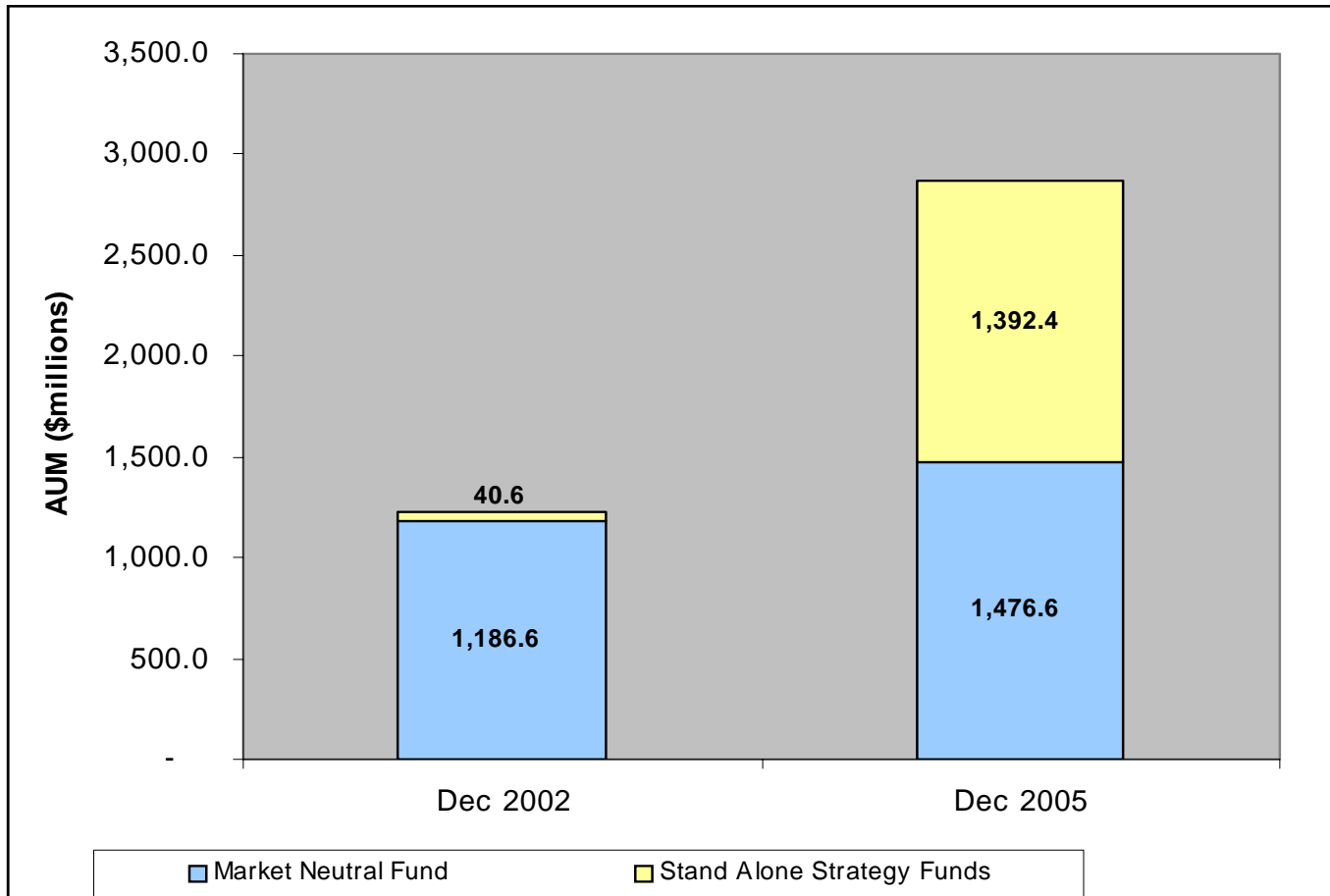


Key Financial Metrics

	<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%



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

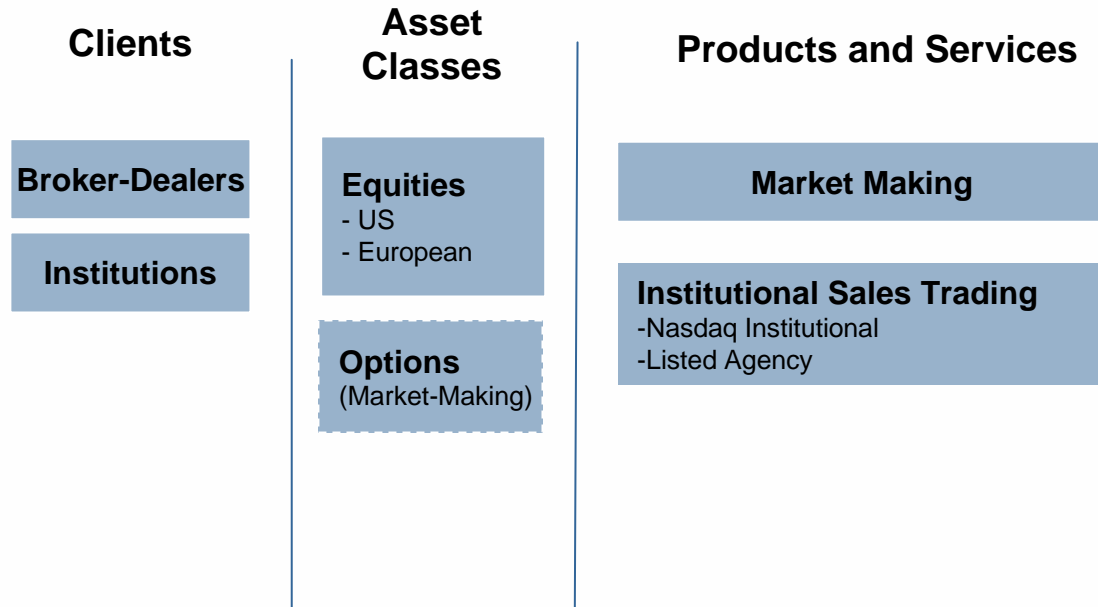


Key Financial Metrics

	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



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

265

2005

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**



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

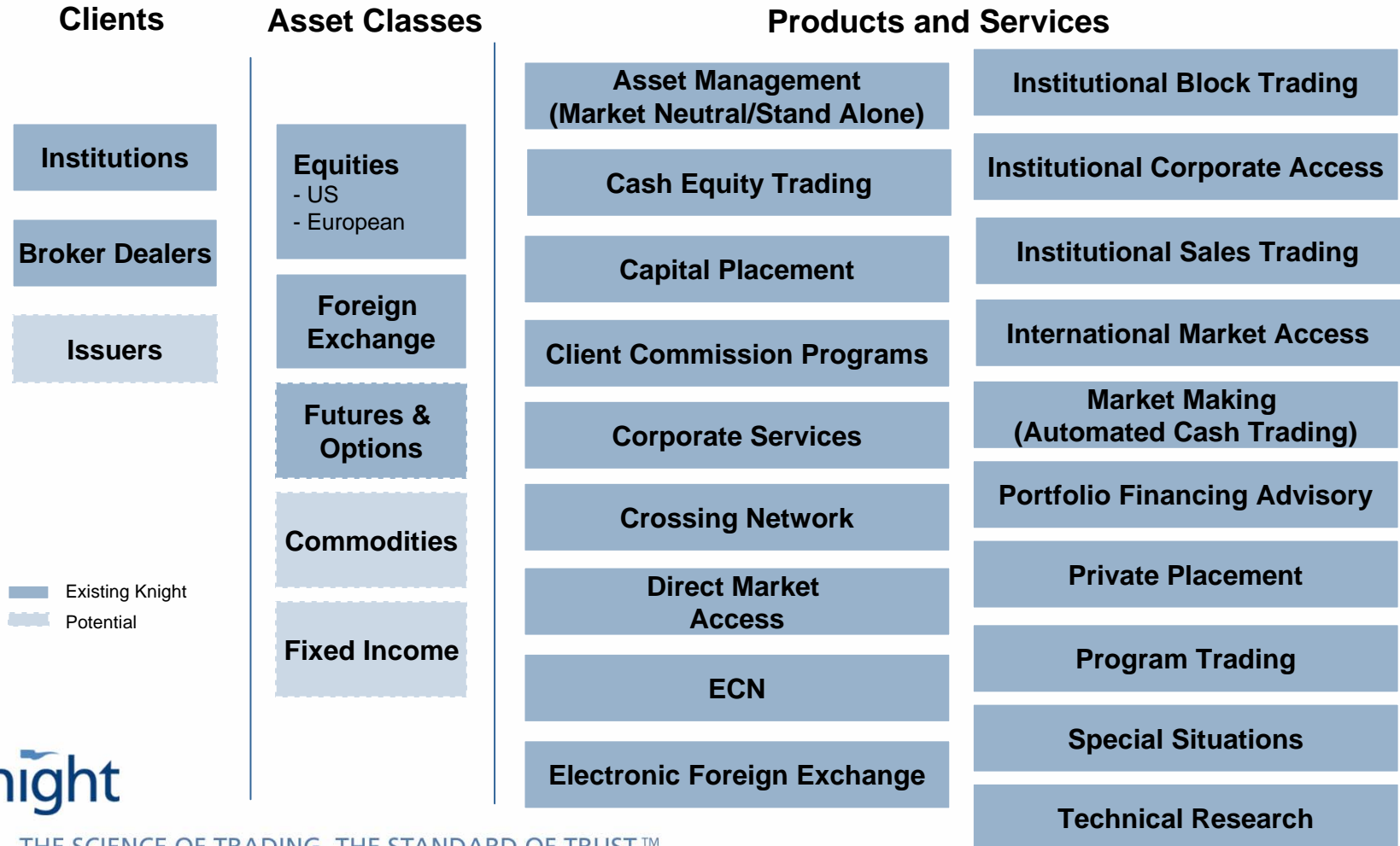
Add \$25 million to pre-tax through accretive acquisitions

- 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

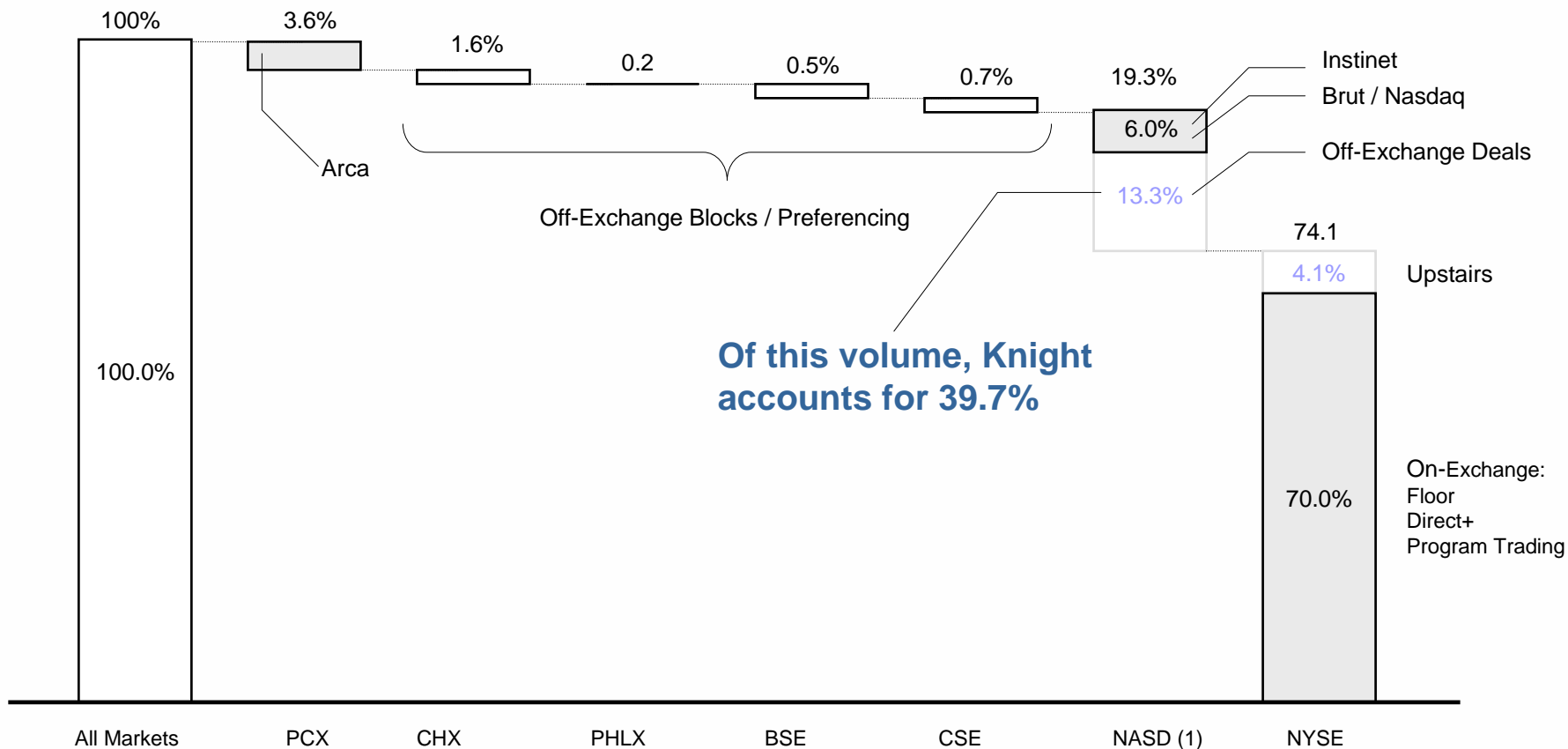


Creating a valued, centralized source for access to high-quality trade execution across asset classes



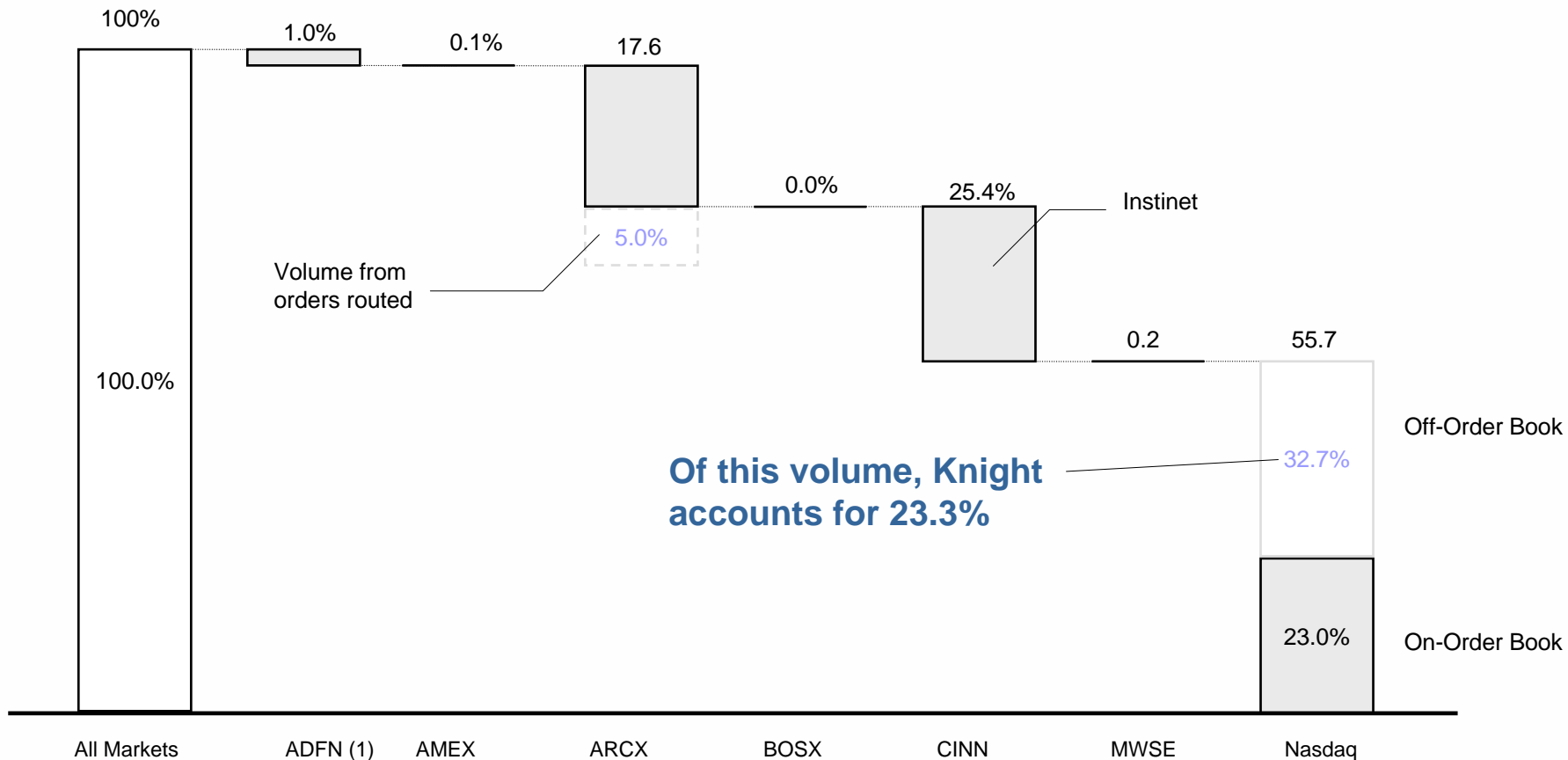


Foundation: Natural liquidity – U.S. Third Market volume for Q4 2005





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

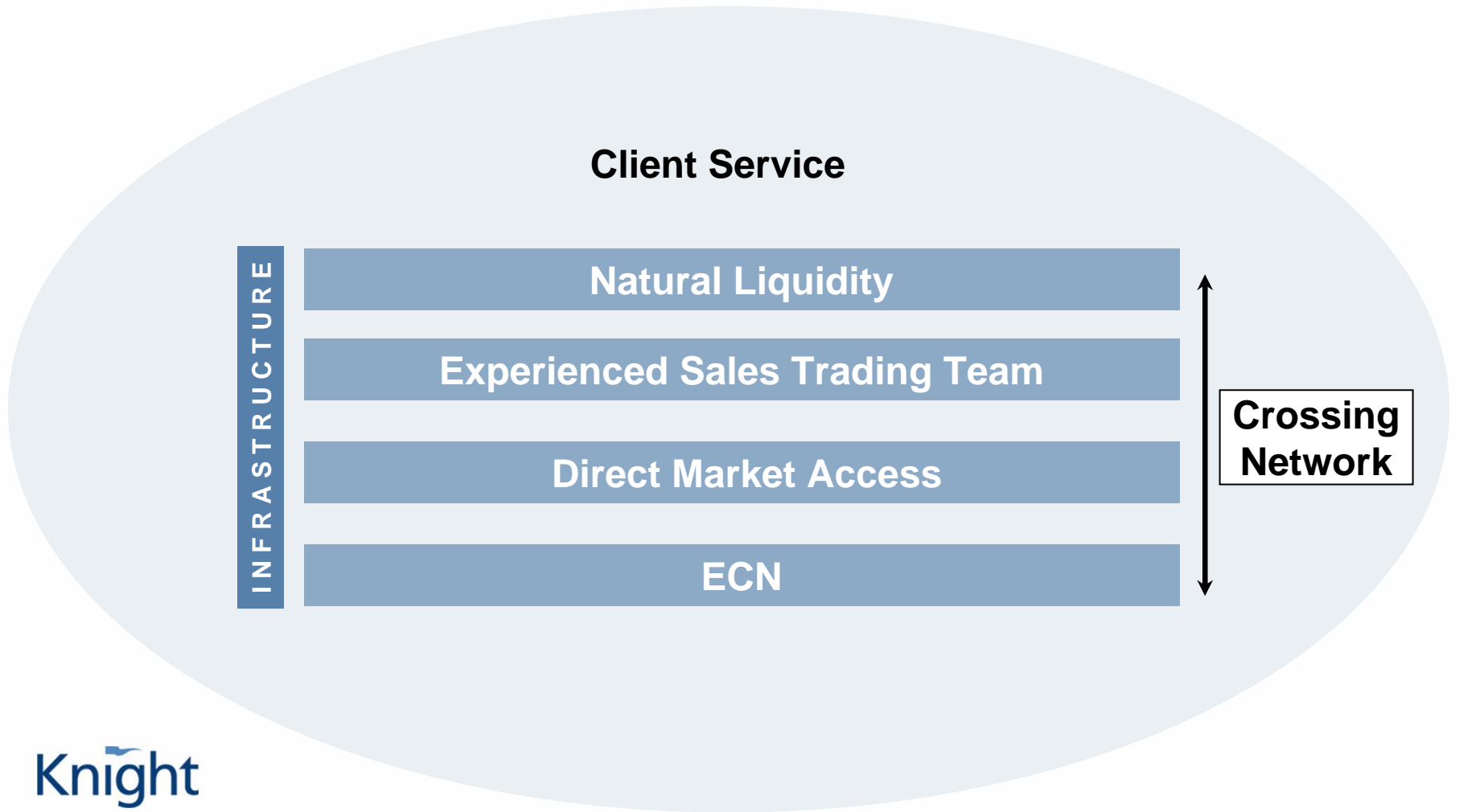


Of this volume, Knight accounts for 23.3%





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



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Knight

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Exhibit A - Regulation G Table



Pre-Tax GAAP Income to Pre-Tax Operating Earnings

For the year ended December 31, 2005

	Asset Mgmt	Global Markets	Corporate	Total
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

	Asset Mgmt	Global Markets	Corporate	Total
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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