

Earning Your Trust With Every Trade™

Knight



Thomas M. Joyce, Chairman & CEO Knight Capital Group, Inc.

Keefe, Bruyette, & Woods
November 3, 2005

Forward-Looking Statements

Safe Harbor

The presentation may contain 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 and integration, performance and operation of the businesses being acquired by the Company, including ATTAIN and Direct Trading. 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 in this report. Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements can be found in the 2004 Annual Report on Form 10-K/A for the year ended December 31, 2004 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 of Knight Capital Group, Inc. filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission Internet site (<http://www.sec.gov>).

Regulation G & Corporate Disclaimers

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 net income (loss) amounts for certain reporting periods before charges, writedowns and discontinued operations to assist the reader in understanding the impact of these charges, writedowns and discontinued operations on the Company's financial results, thereby facilitating more useful period-to-period comparisons of the Company's businesses.

Corporate Disclaimers

Knight Capital Group, Inc. offers its products and services through Knight Equity Markets, L.P., Direct Edge ECN LLC, Direct Trading Institutional, L.P. and Knight Capital Markets LLC, member SIPC and NASD; and Knight Equity Markets International Limited, regulated by the Financial Services Authority in the U.K. and member of the London Stock Exchange.

Deephaven Capital Management LLC is an affiliated company offering asset management services. S3 Asset Management is an unaffiliated company which provides outsourced portfolio financing for asset managers and hedge funds.

Knight Evolution

Old Model – Broker-Dealer Concentration

Online trading boom
Over-expansion
Options & asset
management
purchase

1995 - 2000

Turmoil

Market structure
changes
Internet bubble
bursts
Market cycle hits
bottom
Management
changes

2000 - 2002

Reputation Recovery

Regulatory
settlement and
arbitration conclusion
Growing institutional,
asset management
businesses
Options business
sale

2002 - 2004

New Model – Client Focus

Client-centered
Leveraging the
platform
Recognition of
demand for
electronic services
Cross-selling
Agency businesses

2005-2006

Deephaven Capital Management

At a Glance

- Deephaven Capital Management employs multiple investment strategies
- More than \$3.4 billion in assets as of September 30, 2005
- More than 125 employees

Clients

- Institutional investors
- Fund of funds
- High net worth individuals

Market Neutral Fund Strategies

- Global Convertible and Volatility Arbitrage
- Global Event
- Relative Value Equity
- Distressed Opportunities
- International Credit Arbitrage
- Global Macro Opportunities

Competitive Advantages

- Institutional quality manager
- Multiple strategies
- Risk management
- Dedicated to client service

2005 Accomplishments – Asset Management

Diversified Cash Flows Through Single-Strategy Funds

- Long/Short
- Event
- Convertible Select
- Credit Opportunity

Diversified Investor Base

Expanded Geographic Footprint

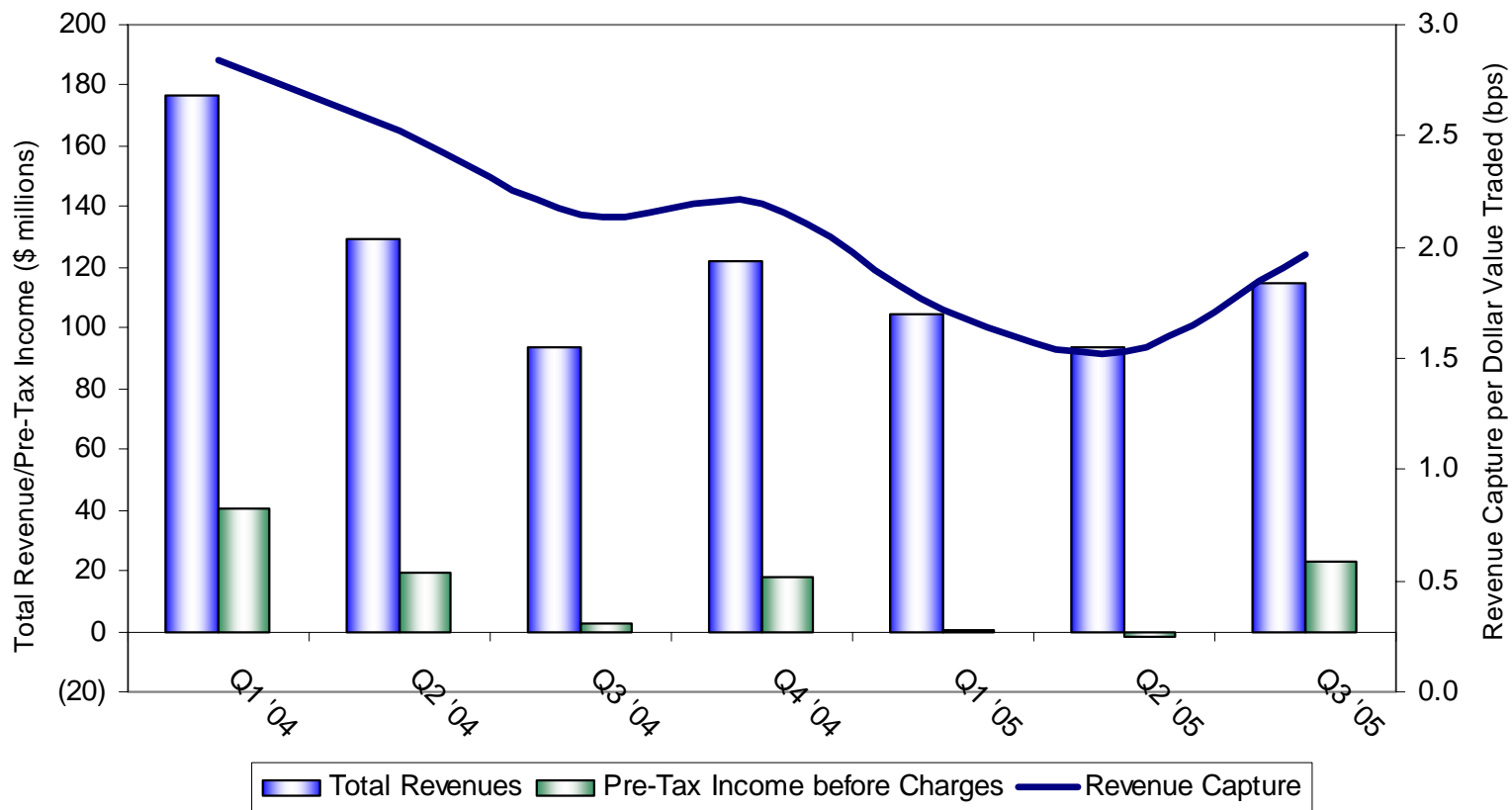
- Asia
- Europe

Enhanced Back Office

2005 Challenges – Broker-Dealer

- **Industry focus on execution quality and statistics**
- **Control of variable and fixed cost base**
- **Managing capital usage**
- **Change in personnel**
- **Increasing competition**

Equity Markets - Impact of Revenue Capture



2005 Accomplishments – Broker-Dealer

- **Reorganized Broker-Dealer group**
 - Cash trading
 - Electronic trading
 - Client service/operations
 - Relationship management/sales
- **Increased automation through electronic trading model**
- **Enhanced risk management capabilities**
- **Adjusted product offering through revised execution protocols and rebate rates**

Overall Improvement in Execution Statistics while Maintaining Revenue Capture

Summary of Knight Execution Speed for 2005

NASDAQ-100	January through August '05	September '05
Execution Speed	1.80 seconds	0.95 seconds
At-or-Better	92.30%	93.24%
Effective/Quoted Spread	103.31%	97.86%
Price Improvement	41.70%	50.40%
All NASDAQ	January through August '05	September '05
Execution Speed	2.10 seconds	1.85 seconds
At-or-Better	91.77%	93.10%
Effective/Quoted Spread	105.88%	104.22%
Price Improvement	39.30%	46.54%

Source: Transaction Auditing Group, Inc. (TAG) & Market Systems, Inc. (MSI)

2006 Key Initiatives – Broker-Dealer

- Enhance client relationship management
- Focus on balancing client profitability, rebates and revenue capture
- Outsource market making services
- Build the bench of Electronic Trading
- Integrate with Direct Edge ECN
- Further automation



2005 Challenges – Institutional

- Smaller institutional commission wallet
- Penetrating key accounts with “execution-only” offering
- Increased competition for commission dollars from low-touch offerings (direct market access and crossing networks)
- Regulatory uncertainty around soft dollars

Institutional Offering

Nasdaq

Listed Block

International ADRs
& Ordinaries

OTC BB/ Pink Sheets

Direct Market Access

- Direct Trading Institutional

Corporate Services

International Sales and Trading

Institutional Corporate Access

Knight Match

Portfolio Financing Advisory

- S3 Asset Management

Program Trading

Research – Technical

- Ralph Acampora

Soft Dollar Services

- Donaldson & Co.

Special Situations Group

Three-year Growth – Institutional

	<u>2002</u>	<u>2005</u>
Number of Clients	250	More than 1000
Percent Listed Revenues	0%	Nearly 30%
Sales Traders	29	80+
Market Share*		
Listed	38/58	23/57
OTC	14/47	7/44

* Knight's ranking out of total firms reporting institutional commissions to a third party industry source
Report dated 12/31/04

2005 Accomplishments – Institutional

- Slight increase in market share during a challenging market
- Maintained commission rates in face of competitive pressures
- New account growth
- Acquired direct market access business, Direct Trading Institutional
- Initiated cross-selling of services across institutional client base
- Achieved listed/OTC split of 30/70
- Grew new products and services, including special situations, ADRs and portfolio financing through S3 Asset Management
- Separation of Institutional and broker-dealer trading increased cost transparency and improved risk management

2006 Key Initiatives – Institutional

- Drive greater institutional account penetration with new and existing clients
- Cross selling by U.S. and London sales trading across client base
 - Direct Trading Institutional (direct market access)
 - Knight Match (crossing)
- Increase trading in listed product with a target of moving from the current OTC/listed split of 70/30 to 65/35
- Enhance crossing capabilities with Knight Match

Equity Markets – Overview

<i>Revenue Capture Overview</i>	2003	2004	Q1 2005	Q2 2005	Q3 2005	9 mos. 2005
U.S. Core Equity Revenues* (\$M)	411	425	81	68	92	241
Total U.S. Equity Dollar Value Traded (\$B)	1,560	1,731	471	446	468	1,384
Average Revenue Capture per Dollar Value Traded (bps)	2.6	2.5	1.7	1.5	2.0	1.7

* Core Equity Revenues primarily consist of Net Trading Revenues, Commission Equivalents and Commissions

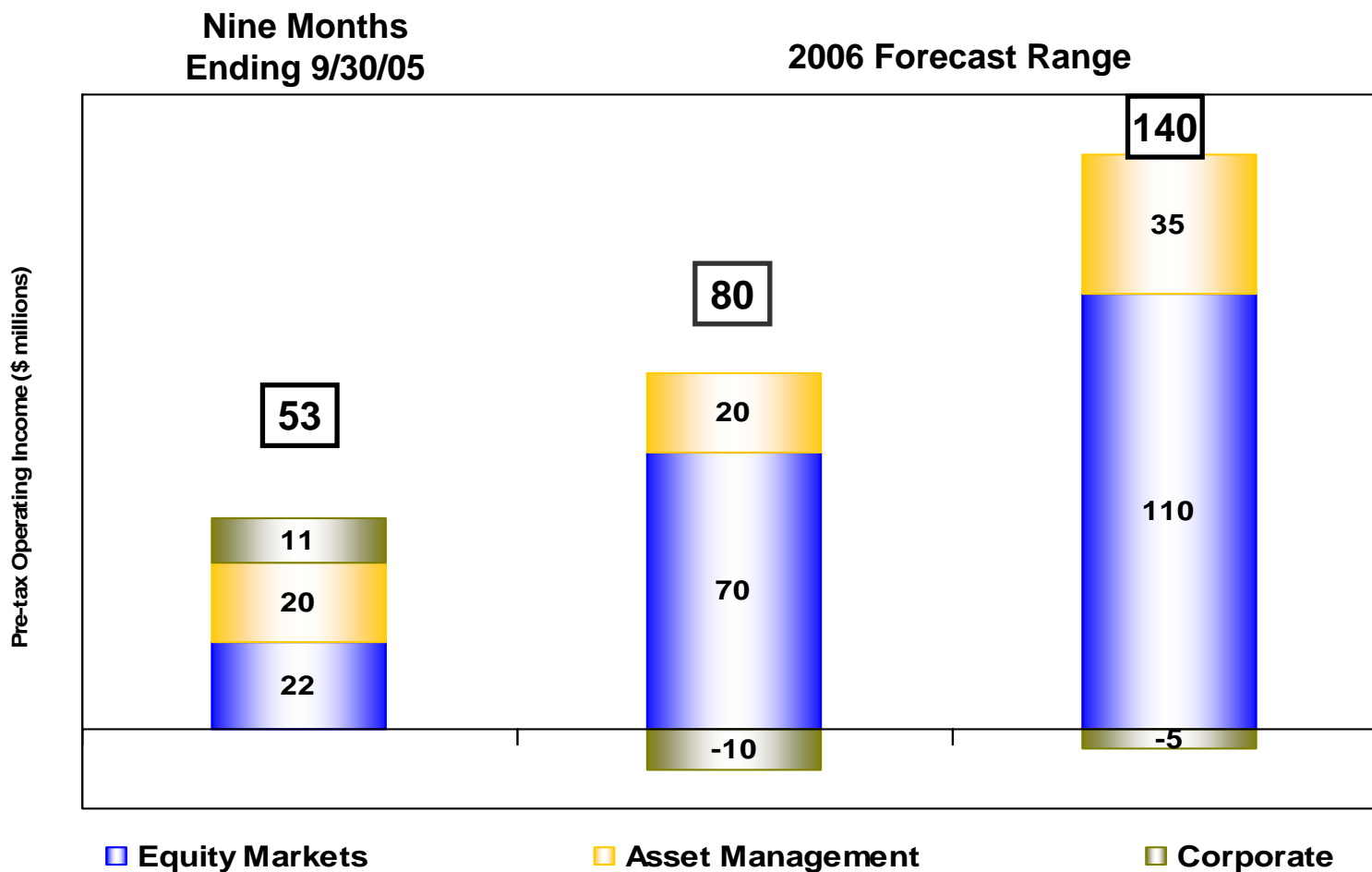
Asset Management - Overview

	<i>2003</i>	<i>2004</i>	<i>9 mos. 2005</i>
Revenues (\$M)	58	78	68
Pre-tax Operating Earnings (\$M)	30	30	20
Pre-tax Margins	50%	38%	29%
Average AUM (\$M)	1,359	2,964	3,372
Average Return to Investor	13.9%	6.5%	5.2%

Corporate Segment - Overview

<i>(\$m)</i>	<i>2003</i>	<i>2004</i>	<i>9 mos. 2005</i>
Revenue from Deephaven Corporate Investment	24	13	12
Average Corporate Investment in Deephaven Funds	184	217	271
Revenues from Strategic Investments and other Corporate Income	5	4	17
Corporate Overhead Expenses	30	34	18

2006 Forecast Range of Pre-tax Operating Income



2006 Forecast Revenue and Margin Ranges

		← <i>Actual</i> →			
		2004	9 Months Ending 9/30/05	2006 FORECAST RANGE	
<u>Revenue Overview (\$ in M)</u>					
Equities		531	336	520	650
Asset Management		78	68	70	100
Corporate		17	29	10	25
Total		626	433	600	775
<u>Margin Overview (% of revenue)</u>					
Compensation		39	40	38	35
Execution & clearance		18	16	20	18
Soft dollar/Commission recapture/Rebates		10	11	16	14
Pre-tax margins		13	12	13	18
<u>Summary Metrics</u>					
Equity Markets	US Dollar Value Traded (\$ in T)	1.73	1.38	1.70	2.10
	Revenue Capture per Dollar Value Traded (bps)	2.5	1.7	1.50	2.25
Asset Management	Average Fund Return (%)	6.5	5.2	6.0	9.0
	Average Assets under Mgt (\$ in B)	2.94	3.37	3.50	4.00

Strong Financial Condition

- Balance Sheet as of 9/30/2005
 - Stockholders' Equity of \$781 million
 - Cash of \$184 million
 - Corporate investment in Deephaven Funds of \$282 million
 - Book value per diluted share of \$7.53
- Strategic investment of 1.7 million in ISE
- \$49 million remaining on corporate repurchase program
 - Repurchased 37.6 million shares for \$296 million since inception of repurchase program

2005 – Executing on Knight's Vision

Equity Markets

Broker-Dealer

- Re-structured platform
- Improved execution stats
- New leadership fosters innovation, teamwork and increases performance

Institutional

- Increased market share in a down environment
- Acquired Direct Trading Institutional
- London achieved profitability

Asset Management

- Introduced stand alone strategies
- Enhanced infrastructure to support growth
- Returns have trended along with peer group

Corporate

- Built out 545 Washington Boulevard headquarters
- Repurchased more than 16 million shares (YTD 2005 = \$146 million)
- Closed on Direct Edge ECN acquisition

2006 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 DTI aggressively
Enhance crossing offering

Build Electronic Services offering

Attract liquidity to Direct Edge ECN
Expand product offering

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

Continue to buy back stock, when appropriate



Expanding the Product Line

Internal Development

- Single Strategy Funds
- Special Situations
- Knight Match
- Program

Acquisitions

- Direct Edge ECN
- Direct Trading Institutional

Marketing Alliances

- S3 Asset Management

Strategic Hires

- Technical Research



Direct Edge ECN

First Week of Operations

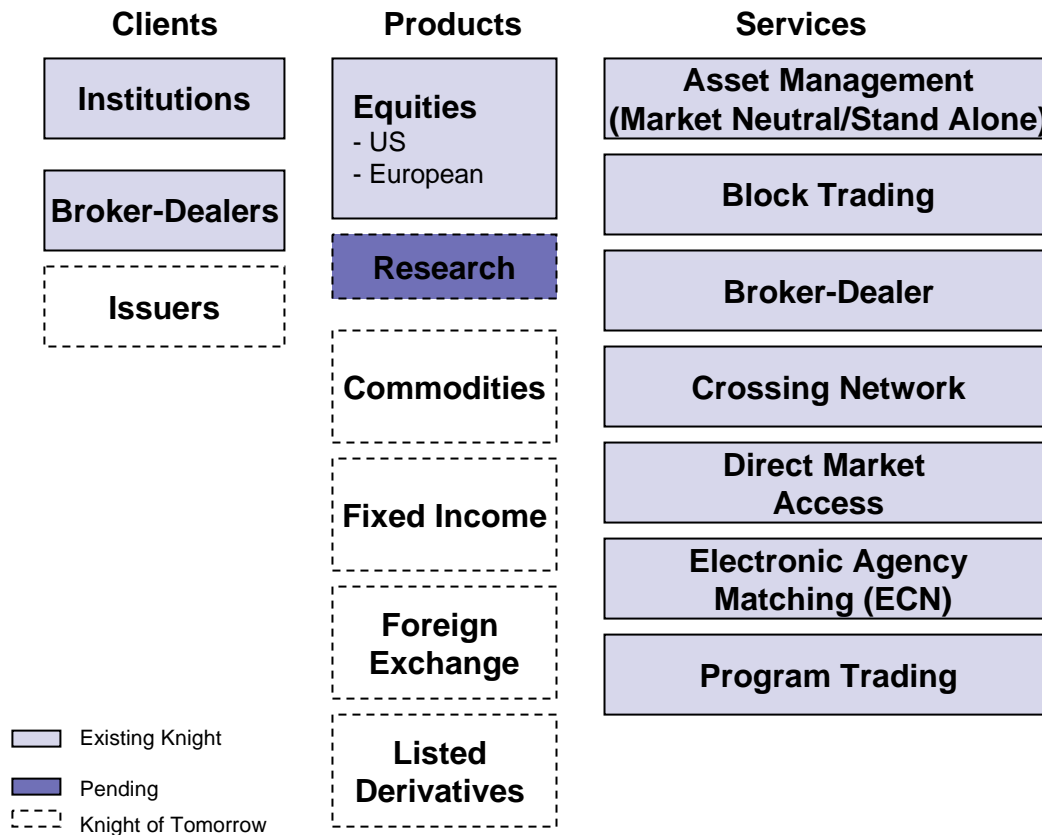
- More than 65 million shares during the first week of operation

2006 Key Initiatives

- Enhance performance and capacity to handle increased order flow
- Expand functionality with new order types and outbound routing by first half of 2006
- Grow broker-dealer client base and capture market share of Nasdaq market
- Establish institutional access to Direct Edge ECN via Direct Trading Institutional

The Knight of Tomorrow

Today, Knight has established a significant client base, technology capability and platform in both Equity Markets and Asset Management businesses. The Knight of Tomorrow will leverage these strengths into services spanning other asset classes.



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