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**KNIGHT TRADING GROUP REPORTS LOSS PER SHARE OF \$0.10  
AFTER NON-OPERATING CHARGES OF \$0.03 PER SHARE**

*Includes International Costs of \$0.05 Per Share*

*Difficult Market Environment and One-Penny Minimum Price Variation  
Continue to Pressure Revenue Capture Per Share*

**JERSEY CITY, New Jersey (April 17, 2002) – Knight Trading Group, Inc.** (Nasdaq: NITE) today reported results for the first quarter ended March 31, 2002.

Knight Trading Group is the leading market maker in equity securities listed on Nasdaq, the OTCBB of the National Association of Securities Dealers (NASD), and the Nasdaq InterMarket – the over-the-counter market for New York Stock Exchange (NYSE) and American Stock Exchange (AMEX)-listed securities. Knight also is a leading market maker in listed options on individual equities, equity indices and fixed income futures instruments in the U.S. The firm also maintains an asset management business for institutions and high net worth individuals through its Deephaven Capital Management subsidiary.

***First Quarter 2002 vs. First Quarter 2001***

<del>41%</del> decline in revenues	<del>5%</del> decline in U.S. equity trades executed
<del>147%</del> decline in net income	<del>55%</del> increase in U.S. equity shares traded

***First Quarter 2002 vs. Fourth Quarter 2001***

<del>18%</del> decline in revenues	<del>7%</del> decline in U.S. equity trades executed
<del>194%</del> decline in net income	<del>5%</del> decline in U.S. equity shares traded

	<b>First Quarter 2002</b>	<b>First Quarter 2001</b>
Revenues (\$)	133,500,063	225,647,124
Net (loss) income (\$)	(12,695,486)	26,917,463
Diluted EPS (\$)	(0.10)	0.21
U.S. equity trades executed	28,791,896	30,177,299
Average daily U.S. equity trades	479,865	486,731
U.S. equity shares traded	41,114,950,390	26,450,899,186

Revenues for the first quarter of 2002 declined 41% to \$133.5 million, compared to \$225.6 million for the first quarter of 2001. The net loss for the first quarter of 2002 totaled \$12.7 million, or a loss of \$0.10 per share on a diluted basis, a 147% decrease from income of \$26.9 million, or earnings per share of \$0.21 on a diluted basis for the same period a year ago.

The Company realized pre-tax margins of (16.0%) in the first quarter of 2002, down from 19.1% in the first quarter of 2001. Return on equity for the first quarter of 2002, stated on an annualized basis, was (6.2%). Costs related to international operations were approximately \$6.0 million, equivalent to \$0.05 per share.

Revenues and net earnings for the first quarter of 2002 decreased 18% and 194%, respectively, from the fourth quarter of 2001. For the first quarter, U.S. equity trades executed decreased 7% and U.S. equity shares traded decreased 5% from the fourth quarter of 2001.

Non-operating charges in the first quarter were \$6.5 million on a pre-tax basis, or \$4.0 million after taxes and minority interest, equivalent to \$0.03 per share. Of these charges, \$6.1 million was related to impaired investments in a non-public e-commerce company and an other investment, and \$425,000 was related to a writedown of options exchange seats. In addition, the Company incurred \$938,000 in pre-tax charges, or approximately \$600,000 after taxes, relating to the decision to discontinue its options market-making activities in London and Australia.

The Company's options market-making activities generated total net trading revenue of approximately \$27.2 million during the first quarter of 2002, versus \$41.6 million during the first quarter of 2001. Additionally, the Company's asset management business generated \$7.1 million in asset management fees during the first quarter of 2002, down 44% from \$12.7 million in the same period a year ago.

The institution of a one-penny Minimum Price Variation (MPV) has introduced new challenges for participants in the securities marketplace. The one-penny MPV was instituted concurrently with the full implementation of decimalization for Nasdaq issues on April 9, 2001 and for NYSE- and Amex-listed issues on January 29, 2001. The one-penny MPV, instituted by the exchanges and the Nasdaq market, is a separate issue from decimalization, which was an SEC-mandated change.

"We are tailoring Knight to fit the one-cent MPV market structure and challenging market conditions that continue to affect our financial results," said Anthony M. Sanfilippo, Interim Chief Executive Officer of Knight Trading Group. "First, Knight is exploring every means of increasing revenue capture per trade. We are expanding our product offerings and developing human capital to attract more higher-margin business from

institutions who select Knight for capital commitment, deep liquidity, scale, and market-making that's independent of investment banking and research. Institutions tap Knight's liquidity to maximize their portfolio returns. Knight's liquidity is also valuable to broker-dealers who seek Knight's high execution quality, because their trades will be executed completely and quickly, with Knight stepping into the role of principal and committing capital to be the other side of the trade. Knight is determining how to better reflect the value of our liquidity and our service to all clients.

"Second, Knight is working to decrease costs even more, particularly costs associated with an infrastructure that was built for the explosion in individual investing and that's now too heavy with overcapacity to be supported by anemic revenue streams during a down market and a changed market structure," Mr. Sanfilippo continued. "We are managing our whole business like we would an integrated portfolio of assets. Each business must build revenues and balance costs, and each will 'live and die' by its returns and its strategic contribution to Knight as a whole. For example, while Knight has cut in half quarterly losses in Europe since the middle of 2001, there is more work to do. We will conclude our evaluation of our London-based operations in the second quarter and determine the appropriate changes in order to minimize losses by the end of the year. Across all of its subsidiaries, Knight has room to explore synergies and create efficiencies in capital spending, infrastructure and management.

"Regardless of the dynamic nature of the marketplace, we are confident in Knight's core business model. Our trading methodologies, scale, technology and human capital have made Knight the market leader, and we believe we understand our space better than any of our competitors," Mr. Sanfilippo said. "We are still adjusting the business for survival in the near term, but we are also reinventing our Company for long-term success. Knight's domestic equities business was profitable in the first quarter and we enjoy significant market share. However, we want to be an impact player in every space in which we exist, not just in domestic equities, with an eye toward appropriate return for each business line. Knight's excellent financial health, with a strong cash position and no debt, gives us flexibility to make important but prudent investments in our future. Our primary goal is to be the low-cost provider and one-stop execution venue for institutions and broker-dealers."

Knight Trading Group will release its volume statistics for March 2002 before the start of trading today, April 17, 2002. March 2002 volume statistics will be available on the Company Web site at [www.knight-sec.com](http://www.knight-sec.com) or [www.knighttradinggroup.com](http://www.knighttradinggroup.com).

Knight is the liquidity center that offers superior execution services to its broker-dealer and institutional clients in over-the-counter (OTC) and listed equity securities, and in equity options. In so doing, Knight helps its clients meet their fiduciary obligation of obtaining best execution for the securities orders that they route on behalf of their customers. Knight also maintains an asset management business for institutions and high net worth individuals through Deephaven Capital Management LLC.

Knight has the power to commit capital for market orders and also maintains one of the largest limit order books in the OTC market. The Company has approximately 1,300 employees worldwide and is one of the largest destinations for stock orders placed via the Internet. Knight traded 135 billion shares in the year 2001, a volume behind only those posted by Nasdaq and the New York Stock Exchange (NYSE). More information about Knight can be obtained at [www.knight-sec.com](http://www.knight-sec.com) or [www.knighttradinggroup.com](http://www.knighttradinggroup.com).

Copies of this earnings release and other information on the Company can be obtained via the Internet at [www.knight-sec.com](http://www.knight-sec.com) or [www.knighttradinggroup.com](http://www.knighttradinggroup.com), or by calling the Company's toll-free investor information line at 1-877-INFO-NITE.

*Certain statements contained herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management's beliefs and certain assumptions made by management. 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. 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; however, readers should carefully review reports or documents the Company files from time to time with the Securities and Exchange Commission.*

**[Financial tables follow]**

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**KNIGHT TRADING GROUP, INC.**  
**Consolidated Statements of Operations (unaudited)**

Three Months Ended March 31,

	<u>2002</u>	<u>2001</u>
<b>Revenues</b>		
Net trading revenue	\$112,680,478	\$187,454,445
Commissions and fees	10,750,107	14,512,201
Asset management fees	7,129,981	12,720,036
Interest and dividends, net	1,606,557	5,309,313
Investment income and other	1,332,940	5,651,129
Total revenues	133,500,063	225,647,124
<b>Expenses</b>		
Employee compensation and benefits	58,642,942	79,695,673
Execution and clearance fees	29,463,775	30,049,055
Payments for order flow	19,005,324	29,718,426
Communications and data processing	10,926,560	12,831,389
Depreciation and amortization	9,704,292	10,222,579
Occupancy and equipment rentals	7,237,946	5,010,858
Professional fees	6,683,451	5,654,011
Business development	1,190,682	3,369,758
Writedown of assets	6,485,848	-
Other	5,457,529	5,942,719
Total expenses	154,798,349	182,494,468
Income (loss) before income taxes and minority interest	(21,298,286)	43,152,656
Income tax (benefit) expense	(5,414,442)	17,982,130
Net (loss) income before minority interest	(15,883,844)	25,170,526
Minority interest in consolidated subsidiaries	(3,188,358)	(1,746,937)
Net (loss) income	\$ (12,695,486)	\$26,917,463
Basic earnings per share	\$(0.10)	\$0.22
Diluted earnings per share	\$(0.10)	\$0.21
Shares used in the computation of basic earnings per share	124,131,683	123,517,121
Shares used in the computation of diluted earnings per share	124,988,739	126,179,906

**KNIGHT TRADING GROUP, INC.**  
**Consolidated Statements of Financial Condition**

	<b>March 31,</b> <b><u>2002</u></b>	<b>December 31,</b> <b><u>2001</u></b>
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 431,855,708	\$ 361,294,311
Securities owned, held at clearing broker, at market value	1,697,830,700	1,754,482,505
Receivable from brokers and dealers	607,902,104	820,103,479
Fixed assets and leasehold improvements at cost, less accumulated depreciation	84,333,397	90,125,704
Goodwill, less accumulated amortization	17,536,945	17,536,945
Intangible assets, less accumulated amortization	33,743,747	34,363,040
Investments	96,609,735	92,665,597
Income taxes receivable	3,989,421	-
Other assets	44,723,965	56,115,374
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<b>Total assets</b>	<b>\$3,018,525,722</b>	<b>\$3,226,686,955</b>
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<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Securities sold, not yet purchased, at market value	\$ 1,930,281,518	\$ 2,039,355,967
Payable to brokers and dealers	183,771,819	227,526,691
Accrued compensation expense	30,091,878	65,121,718
Accrued execution and clearance fees	7,334,904	10,271,164
Accrued payments for order flow	6,276,733	5,594,935
Accounts payable, accrued expenses and other liabilities	20,972,384	22,286,928
Income taxes payable	-	1,624,319
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<b>Total liabilities</b>	<b>2,178,729,236</b>	<b>2,371,781,722</b>
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Minority interest in consolidated subsidiaries	17,647,980	20,648,809
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<b>Stockholders' equity</b>		
Class A Common Shares	1,243,404	1,241,586
Additional paid-in capital	337,201,387	335,796,119
Retained earnings	491,777,375	504,472,861
Unamortized stock- based compensation	(1,583,596)	(672,763)
Accumulated other comprehensive income (loss) – foreign currency translation adjustments, net of tax	(6,490,064)	(6,581,379)
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<b>Total stockholders' equity</b>	<b>822,148,506</b>	<b>834,256,424</b>
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	<b>\$ 3,018,525,722</b>	<b>\$ 3,226,686,955</b>
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**Total liabilities and stockholders' equity**

