

KNIGHT CAPITAL GROUP, INC. (NYSE: KCG; Jersey City, NJ) and GETCO Holding Company (Private; Chicago, IL) agree to merge

Deal Value: \$1.4 billion

Sandler O'Neill served as sole Financial Advisor to Knight Capital Group, Inc. in this transaction. Overall, this represents Sandler O'Neill's 45th financial services transaction since January 1, 2012, more than any other investment bank during that time period.⁽¹⁾

JERSEY CITY, N.J. and CHICAGO, Dec. 19, 2012 -- Knight Capital Group, Inc. (NYSE: KCG, "Knight") and GETCO Holding Company, LLC ("GETCO") today announced they have entered into an agreement for a strategic business combination whereby GETCO and Knight will be combined under a new publicly traded holding company.

The combined firm will create a true industry leader as an independent market-maker and agency broker across geographies, market structures and asset classes. The resulting company will benefit from Knight's deep customer franchise and GETCO's leading edge technology platform, resulting in a company extremely well positioned to serve customers across multiple products globally.

Under the agreement, existing Knight shareholders (other than GETCO) will have the right to elect to receive \$3.75 per share in cash or one share of common stock of the new holding company. The cash consideration will be subject to pro-ration if the holders elect to receive more than \$720 million in cash in the aggregate. Jefferies & Company, Inc. and its affiliates, the largest shareholders in Knight, have agreed to limit their cash election to 50 percent of their Knight shares to the extent it is necessary to ensure that other Knight shareholders can receive their desired cash level up to the 720 million dollar aggregate amount. GETCO members will receive 233 million shares of the new holding company and the 57 million shares of Knight currently owned by GETCO will be retired. GETCO members will receive warrants in the new holding company as follows: 25 million warrants with a \$4.00 exercise price and a four-year term; 25 million warrants at a \$4.50 exercise price and a five-year term; and 25 million warrants at a \$5.00 exercise price and a six-year term. Based on the tangible net worth of GETCO and Knight as of September 30, 2012, pro forma tangible book value of the combined company would be approximately \$3.75 per share.

The \$1.4 billion purchase price represents a 51 percent premium to Knight's closing share price on November 23, 2012. The amount also equates to a 15 percent premium to Knight's tangible book value, as of September 30, 2012.

GETCO has obtained commitments from affiliates of Jefferies for the financing necessary to complete the transaction, including refinancing all existing Knight and GETCO debt. General Atlantic will make an additional \$55 million equity investment, which will bring their total investment in the new company to over \$400 million.

(1) Includes financial services transactions since January 1, 2012; excludes terminated transactions or self-advisory roles

Source: SNL Financial

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