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INTERVIEW

Private Equity



John D. Streich
President

Since 1989, *Efutures* has been a global forerunner in futures, options and currency trading. The company is committed to integrity while providing traders with high speed access and the most innovative brokerage service available.

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John D. Streich, President, spoke with *Wall Street Reporter Magazine* on April 18, 2005.

efutures.com
The World Trades Here



WSR: Could we start with a brief history and overview of the company?

STREICH: The company was started in 1989 by my wife and myself to help agricultural producers hedge their grain. In 1994 we started Futures Express, which provided institutional-style service to the individual trader. At the time, we were the only retail firm that flash filled orders in soybeans and other open outcry pits. Eventually, we lost our edge with the advent of electronics, so in 1998 we secured the name Efutures.com and expanded our services with online trading. Today, the company is First Capitol Group, consisting of three divisions. First Capitol Ag (America's HedgeBroker™) services agricultural producers and processors throughout the United States and has become well known for its proprietary, systematic hedge program, the "Six Step Plan." efutures.com (The World Trades Here™) provides electronic access to traders across the globe as well as a full range of personalized service. The company's clientele and volume is diversified between our proprietary hedge program and electronic trading. In addition, we wholesale turnkey, back office systems and front end platforms to introducing brokers throughout the United States.

WSR: What are some of the emerging trends that you see within the industry now and how well positioned is the company to capitalize on these trends?

STREICH: Our growth here has all been organic. We capture trends as we see them. On the agricultural side, there is a lot of continued interest in our plan from major dairy operations, and large corn processors and ethanol plants. On the electronic side, we continue to serve small to large individual investors, as well as corporate and small hedge funds. Another thing that

we have noticed is that many good brokers across the country are not valued or treated well. In response, we offer a wholesale, boutique style, front-to-back service that is seamless and very appealing to them. So I wouldn't say our growth has a one-way focus. We can leverage each of the company's strengths against our different niches in the market.

WSR: In terms of the company's core products, let's look more closely at the services you provide your customers and the real market potential for them.

STREICH: I've previously mentioned the First Capitol Ag Six Step Hedge Plan, which really offers agricultural producers and handlers peace of mind regarding marketing and managing input costs. Each of our Six Step brokers have an agricultural upbringing and/or higher education so they really understand and can relate to clients. Also, our pit brokers know us and know what the Plan does for our clients. Efutures' services are about efficiency, ease, and opportunity. We know trading futures is considered complicated so we provide an uncomplicated experience for our clients. We continuously stay on top of developing hard and soft technologies to benefit our clients. We provide access to trade every major market in the U.S. and Europe so the real market potential for our clients is unlimited!



E futures Pro client in use.

“The company's clientele and volume is diversified between our proprietary hedge program and electronic trading. In addition, we wholesale turnkey, back office systems and front end platforms to introducing brokers throughout the United States.”

WSR: Efutures has a relationship with Cargill Investor Services. Describe this alliance and its importance.

STREICH: As you know, Cargill is a very fine company. We teamed up in 2000. Actually, they are a 40% shareholder. Their buy-in enabled us to become an FCM. We've grown since then. Cargill does not have a relationship with individual investors. They lean more towards the institutional and commercial side. We shared the same ethics and values and that's mainly why

we teamed up, not because our clients are different. I believe that they were focused on the commercial sector and wanted entry into the retail market. Their partnering with us was more of a way for them to do just that.

WSR: How is E futures recent move into the area of foreign exchange trading developing?

STREICH: Our core focus here is futures and I believe it will remain futures. We have seen a lot of FX companies come and go. We were a little late getting into the field but I believe we have the best product available. We have very tight spreads and by being a little late, we've avoided making a lot of mistakes. I do see FX as a very profitable part of the company. However, our focus remains futures. I see growth across all spectrums and I envision the company being about 80% futures and 20% FX in the future. But again, FX is new to us; we just rolled futuresfx.com out April 1.

WSR: How do you differentiate from some of your competition within the sector?

STREICH: The biggest way we differentiate is that we still maintain 24-hour customer support. We have a friendly staff that is empowered to make decisions. We have systems in place for them and clients can pick up a phone or trade online. Clients can call us at any time to place a trade. A lot of these online shops have come and gone. They are competing on price only, which is a losing way to compete. We add value by picking up the phone in one ring, being pleasant and being able to take an order and move on to the next customer in an efficient and polite manner. That is what differentiates us. In some firms it seems like there is nobody behind the screen. If there's a problem, they may take an hour or two to get back to you or they may quadruple your rate when you want to call in and trade on the phone. We pride ourselves on our service and we've made it easy for you to trade. For example, many firms in the industry have account forms that are 20-30 pages long. I believe our two-page account application is the shortest. That is just one example of what we mean by "easy."

WSR: Tell us about the leadership structure at the company. You mentioned the original founders but what can you tell us about the experience of the management team?

STREICH: We have great management. We have a great compliance officer who cut his teeth at the NFA as an auditor and was a compliance officer at a major Chicago firm for 10 years. Our risk man-

ager was trained at a prominent Chicago firm for three years before joining us. Our administration and accounting is all drilled down here. It's systematic so it functions very smoothly on a day-to-day basis. We have a very good relationship and no complaints with the NFA. I think that in itself is a testimony to what kind of management we have. In fact, a company of Cargill stature doesn't invest in just anybody. That too speaks volumes.

WSR: In terms of strategic plans, how do you see the next two to three years as a time of development and expansion for the company?

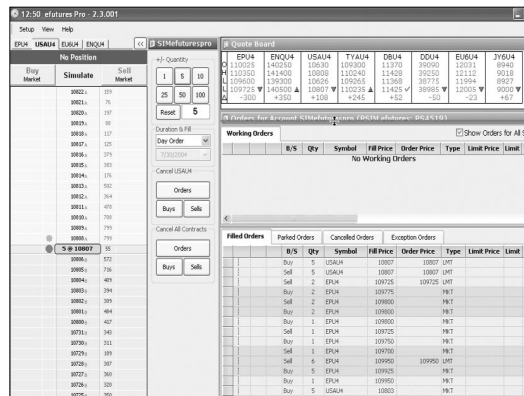
STREICH: We were at \$11 million when we became an FCM in 2000. In 2003 we hit the nation's top 50 broker list with about \$33 million in customer funds. We are climbing up the list. Last year we moved up 5 spots to \$55 million and currently we are at \$70 million. I see continued growth here. We will get our name out there more. We really haven't pushed our name like a lot of other firms have. I'm amazed when I see the numbers from firms that have become household names. You would think they were much bigger than they are. We can really have explosive growth over the next two to three years by getting our name and message out. My forecast is \$250 million by 2010 and that's just doing it organically.

WSR: Would you imagine that most of the growth over that timeframe will be organic as in the past or would the company also consider acquisitions?

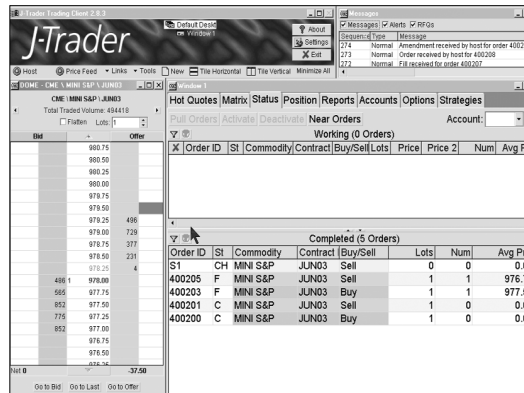
STREICH: I believe that organically we will continue to grow. I wouldn't rule anything out as far as possible acquisitions. Prospects would have to have the same client philosophy and values. In fact, that is what has led to our growth. There is not a lot of difference between firms. It's all about how you treat the customer. I believe that when you treat someone with respect, when you have ethics and values, you tend to attract those types of customers. We have great clients! So I would say to whomever might be interested, that there would be no reason to contact us unless they shared those same values.

WSR: Lastly, could you recap for those who would like to follow the progress of the company, some of the key milestones that we can expect to see over the next 12 to 18 months?

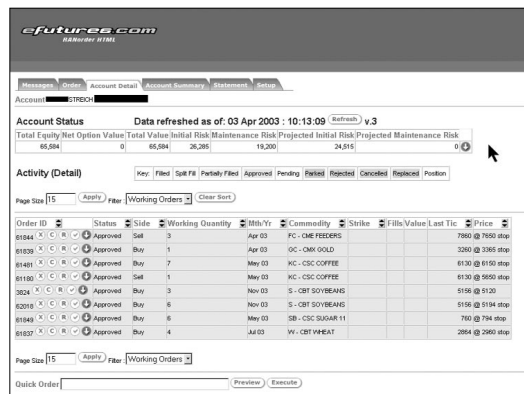
STREICH: I think you will continue to see us raise our rank in Futures magazine's top 50 broker listing. Our plan is to hit \$100 million by the end of 2006. By 2010 we look to be at \$250 million. That may not sound very ambitious but I'm a realist and I believe that with what we have in place, those are very achievable numbers. That's what we're shooting for.



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