

Montague Farms, Inc.

Opportunity in the Storm

A Presentation to

The International Trade Workshop for Producers, Processors, and Policy Makers

Virginia Farm Bureau Federation

March 6, 2009

Montague Farms, Inc.

Opportunity in the Storm

- Exporter of 12,000 Mt of food grade soybeans to Japan and Eastern Europe
- Cultivate 4,000 Acres of corn, soybeans, wheat, and barley
- Own and manage 2,200 acres of crop and timberland.

Bill, Bryan and David Taliaferro

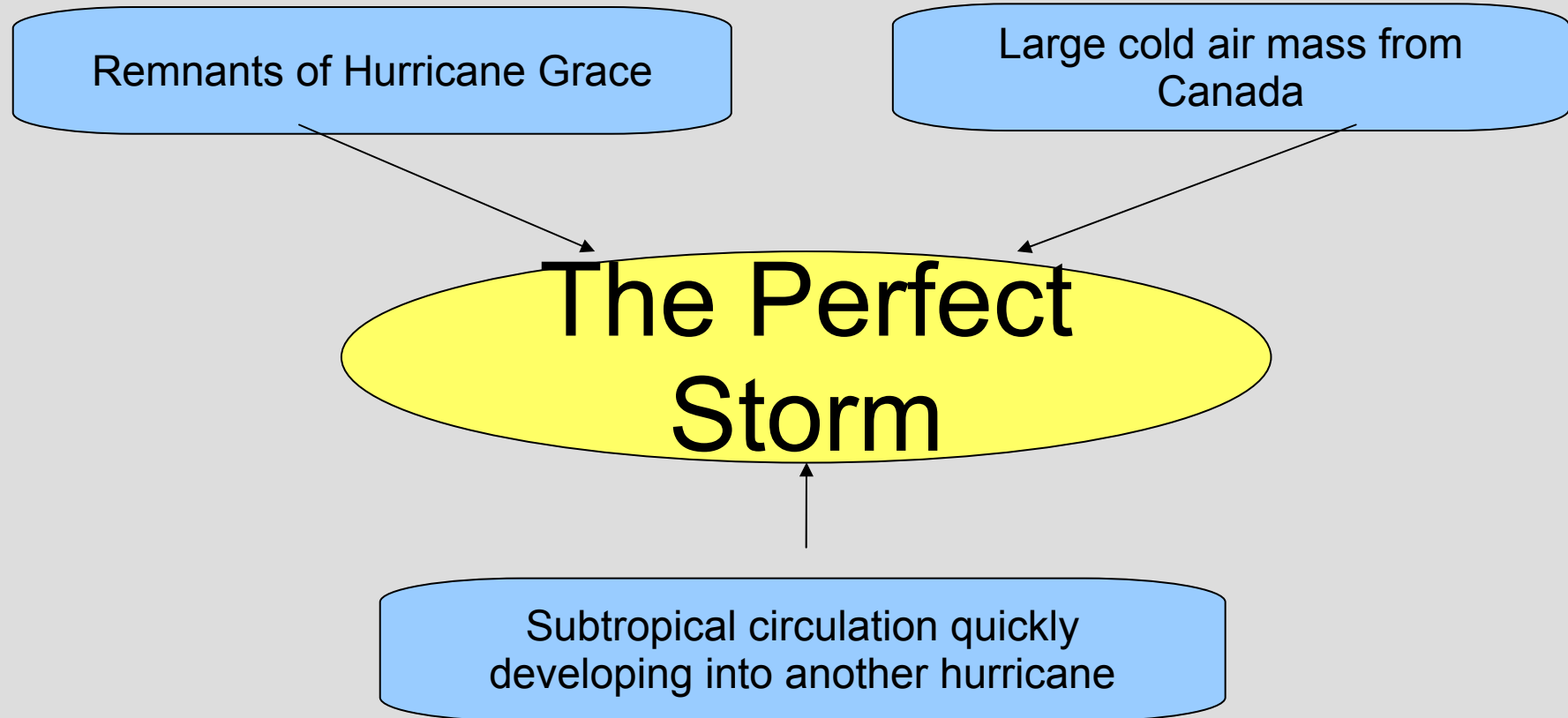


Plant at Center Cross, VA

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In late October of 1991



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In 1973, from “fence row to fence row”.

Two Uncles and a Father
ready for transition

Brothers with Just
enough industry
experience

The Perfect
Opportunity

A global economic climate
calling for grain production

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In 1980's

Interest rates above 20%

Debts from land and
machinery purchases

Back to
**The Perfect
Storm**

Droughts in Virginia in '77, '80,
'83, and '86

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The Response: Valued added products

- High moisture corn
- Cracked corn
- Rolled barley
- Certified seed
- **Food grade soybeans**

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- Soybeans are used primarily for the Japanese food “natto”
- Soybeans must be small, about one-half the size of regular soybeans, consist of high sucrose, have unblemished skin, and high water absorptivity.
- Soybeans must process into a final product that is light in color with just the right texture.



Japanese natto is reputed to be good for both constipation and diarrhea

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In the late 1980's

Research Station
Superintendent saves a
broken soybean plant

VDACS International
Marketing Specialist
drinks in Tokyo

Gov. Baliles signs first
contract

200 Mt from 1988 crop.

Virginia farm operation looking
for something different

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It's not all roses on the marketing side: There are differences in business culture

- Relationship between purchaser and supplier is not mutual
- Specifications less important than customer satisfaction.
- Supplier assumes he is providing an agricultural commodity with some improvements; buyer assumes he is buying a food product

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Competing
supplier
withdraws

Primary customer is
consolidating
supplier list



New Plant at
Windsor can
process 300 Mt per
day. Processing
includes cleaning,
sizing, separating by
seed density, shape,
and color.

Hampton Roads Locality
seeks agribusiness
development

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Resources/Assets Sustaining the Enterprise

- **Virginia Tech Soybean Breeding Program: An asset for both R & D and marketing**
- **VDACS International Marketing: added legitimacy in early stages of marketing, provided business leads, consultation.**
- **USDA Grain Inspection for third party certification of contracted specifications**
- **Port: Proximity, container availability, regular shipping schedules**
- **Production base: Competent growers**
- **Chinese Missteps**

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It's not all roses on the production side

- Yield trends of commercial (GMO) soybeans
- Grower reluctance to return to a conventional production system
- Frequent droughts in the Mid-Atlantic region



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Where do we go from here?

- New varieties
- New end uses: bean sprouts, nimate, tofu of various types, edamame
- Other markets: Eastern Europe, Asia, domestic US
- Modest volume growth



Virginia Tech Soybean Research Team

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