SEABOARD CORP /DE/
Form 10-Q
November 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

{ X } QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 3, 2009

OR

{ } TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________________ to ___________________

Commission File Number 1-3390

Seaboard Corporation
(Exact name of registrant as specified in its charter)

Delaware	04-2260388
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9000 W. 67th Street, Shawnee Mission, Kansas	66202
(Address of principal executive offices)	(Zip Code)

(913) 676-8800
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes __ No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X] Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)
Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes . No X .

There were 1,236,578 shares of common stock, $1.00 par value per share, outstanding on October 23, 2009.

Total pages in filing - 23 pages

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
(Thousands of dollars except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Net sales:				
Products (includes sales to foreign affiliates of $138,396, $156,128, $399,296 and $414,430, respectively)	$ 647,256	$ 826,826	$1,990,553	$2,303,849
Services	176,906	266,545	575,611	719,804
Other	30,463	38,320	75,859	101,657
Total net sales	854,625	1,131,691	2,642,023	3,125,310
Cost of sales and operating expenses:				
Products	619,824	785,162	1,911,566	2,185,949
Services	162,272	233,613	503,339	621,656
Other	26,049	36,322	65,955	91,731
Total cost of sales and operating expenses	808,145	1,055,097	2,480,860	2,899,336
Gross income	46,480	76,594	161,163	225,974
Selling, general and administrative expenses	49,159	44,880	145,031	131,782
Operating (loss) income	(2,679)	31,714	16,132	94,192
Other income (expense):				
Interest expense	(3,493)	(3,888)	(10,592)	(9,725)
Interest income	3,734	2,508	11,878	10,934
Income from foreign affiliates	5,273	4,819	12,865	10,632
Foreign currency gain (loss), net	1,130	(2,131)	325	(1,506)
Other investment income (loss), net	5,574	(1,168)	12,953	7,288
Gain on disputed sale, net of				

expenses	16,787	-	16,787	-
Miscellaneous, net	164	1,132	6,358	2,227
Total other income (expense), net	29,169	1,272	50,574	19,850
Earnings before income taxes	26,490	32,986	66,706	114,042
Income tax benefit	9,758	102	12,248	10,272
Net earnings	$ 36,248	$ 33,088	$ 78,954	$ 124,314
Less: Net losses (earnings) attributable to noncontrolling interests	467	(183)	653	(419)
Net earnings attributable to Seaboard	$ 36,715	$ 32,905	$ 79,607	$ 123,895
Earnings per common share	$ 29.69	$ 26.47	$ 64.32	$ 99.62
Dividends declared per common share	$ 0.75	$ 0.75	$ 2.25	$ 2.25
Average number of shares outstanding	1,236,758	1,243,015	1,237,675	1,243,706

See accompanying notes to condensed consolidated financial statements.

SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Thousands of dollars)
(Unaudited)

	October 3, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 56,177	$ 60,594
Short-term investments	368,434	312,680
Receivables, net	304,438	360,677
Inventories	482,152	508,995
Deferred income taxes	15,614	14,195
Other current assets	172,928	114,713
Total current assets	1,399,743	1,371,854
Investments in and advances to foreign affiliates	79,994	68,091
Net property, plant and equipment	718,972	763,675
Goodwill	40,628	40,628
Intangible assets, net	21,078	22,285
Other assets	51,657	64,828
Total assets	$2,312,072	$2,331,361
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 80,178	$ 177,205
Current maturities of long-term debt	2,422	47,054
Accounts payable	102,698	122,869
Other current liabilities	324,411	244,963
Total current liabilities	509,709	592,091

Long-term debt, less current maturities	76,623	78,560
Deferred income taxes	65,785	81,205
Other liabilities	130,138	115,927
Total non-current and deferred liabilities	272,546	275,692
Stockholders' equity:		
Common stock of $1 par value, Authorized 1,250,000 and 4,000,000 shares; issued and outstanding 1,236,758 and 1,240,426 shares	1,237	1,240
Accumulated other comprehensive loss	(118,761)	(111,703)
Retained earnings	1,643,275	1,569,818
Total Seaboard stockholders' equity	1,525,751	1,459,355
Noncontrolling interests	4,066	4,223
Total equity	1,529,817	1,463,578
Total liabilities and stockholders' equity	$2,312,072	$2,331,361

See accompanying notes to condensed consolidated financial statements.

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SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Thousands of dollars)
(Unaudited)

	Nine Months Ended	
	October 3, 2009	September 27, 2008
Cash flows from operating activities:		
Net earnings	$ 78,954	$ 124,314
Adjustments to reconcile net earnings to cash from operating activities:		
Depreciation and amortization	69,111	67,181
Income from foreign affiliates	(12,865)	(10,632)
Other investment income, net	(12,953)	(7,288)
Foreign currency exchange losses	6,166	3,133
Deferred income taxes	(12,836)	(18,826)
Loss (gain) from disposal of fixed assets	472	(805)
Gain on disputed sale, net of expenses	(16,787)	-
Changes in current assets and liabilities:		
Receivables, net of allowance	58,904	(51,674)
Inventories	17,300	(254,673)
Other current assets	(56,762)	(48,284)
Current liabilities, exclusive of debt	62,658	129,739
Other, net	2,752	1,285
Net cash from operating activities	184,114	(66,530)
Cash flows from investing activities:		
Purchase of short-term investments	(267,244)	(179,312)
Proceeds from the sale of short-term investments	180,692	184,298
Proceeds from the maturity of short-term investments	57,055	38,241
Investments in and advances to foreign affiliates, net	2,013	590
Capital expenditures	(39,140)	(102,864)
Proceeds from the disposal of fixed assets	2,931	2,909
Payment received for the potential sale of power barges	15,000	-
Net proceeds from disputed sale	16,787	-

Other, net	(3,524)	568
Net cash from investing activities	(35,430)	(55,570)
Cash flows from financing activities:		
Notes payable to banks, net	(97,622)	141,904
Principal payments of long-term debt	(46,669)	(4,056)
Repurchase of common stock	(3,370)	(3,988)
Dividends paid	(2,783)	(2,797)
Other, net	212	1,325
Net cash from financing activities	(150,232)	132,388
Effect of exchange rate change on cash	(2,869)	738
Net change in cash and cash equivalents	(4,417)	11,026
Cash and cash equivalents at beginning of year	60,594	47,346
Cash and cash equivalents at end of period	$ 56,177	$ 58,372

See accompanying notes to condensed consolidated financial statements.

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SEABOARD CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 - Accounting Policies and Basis of Presentation

The condensed consolidated financial statements include the accounts of Seaboard Corporation and its domestic and foreign subsidiaries ("Seaboard"). All significant intercompany balances and transactions have been eliminated in consolidation. Seaboard's investments in non-controlled affiliates are accounted for by the equity method. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of Seaboard for the year ended December 31, 2008 as filed in its Annual Report on Form 10-K. Seaboard's first three quarterly periods include approximately 13 weekly periods ending on the Saturday closest to the end of March, June and September. Seaboard's year-end is December 31.

The accompanying unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary for a fair presentation of financial position, results of operations and cash flows. Results of operations for interim periods are not necessarily indicative of results to be expected for a full year. As Seaboard conducts its commodity trading business with third parties, consolidated subsidiaries and foreign affiliates on an interrelated basis, gross margin on foreign affiliates cannot be clearly distinguished without making numerous assumptions primarily with respect to mark-to-market accounting for commodity derivatives.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Supplemental Noncash Transaction

As more fully described in Note 9 to the Condensed Consolidated Financial Statements, in May 2009 Seaboard received sovereign government bonds of the Dominican Republic with a par value of $20,000,000 denominated in U.S. dollars to satisfy the same amount of outstanding billings owed by a customer that Seaboard had classified as long-term. These bonds are classified as available-for-sale short term investments on the Condensed Consolidated Balance Sheet.

New Accounting Standards

In June 2009, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) No. 167 "Amendments to FASB Interpretation No. 46(R)". This statement amends Interpretation 46(R) and requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity (VIE). This analysis identifies the primary beneficiary of a VIE as the enterprise that has both the power to direct the most significant activities of a VIE and the obligation to absorb losses or the right to receive benefits from the VIE.

This statement eliminates the quantitative approach previously required for determining the primary beneficiary of the VIE, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. This statement also amends Interpretation 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and requires certain additional disclosures about the VIE. Seaboard will be required to adopt this statement as of January 1, 2010. Management believes the adoption of this statement will not have a material impact on Seaboard's financial position or net earnings.

Recently Adopted Accounting Standards

Seaboard adopted FASB Accounting Standards Codification (ASC) Topic 810-10-65 (formerly FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51") as of January 1, 2009. This Topic changed the accounting and reporting for minority interests, which are now recharacterized as noncontrolling interests. The noncontrolling interests are now classified as a component of equity. This Topic did not have an impact on Seaboard's financial position or net earnings.

Seaboard adopted FASB ASC Topic 855-10 (formerly FAS No. 165 "Subsequent Events"), for the second quarter ended July 4, 2009. This Topic requires an entity to disclose the date through which subsequent events have been evaluated. Seaboard evaluated subsequent events through November 6, 2009, which is the date the financial statements were issued.

Note 2- Investments

In April 2009, the FASB issued ASC Topic 320-10-65 (previously Staff Position FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments"). This Topic amends the other-than-temporary guidance for debt securities to make the guidance more operational. This Topic also expands the disclosures required in Topic 320-10 to interim periods. Seaboard adopted this Topic in the second quarter of 2009. The adoption of this Topic did not have an impact on Seaboard's financial position or net earnings.

Seaboard's short-term investments are treated as either available-for-sale securities or trading securities. Available-for-sale securities are recorded at their estimated fair market values with unrealized gains and losses reflected, net of tax, as a separate component of accumulated other comprehensive income. Trading securities are recorded at their estimated fair market values with unrealized gains and losses reflected in the statement of earnings. All of Seaboard's available-for-sale and trading securities are classified as current assets as they are readily available to support Seaboard's current operating needs.

As of October 3, 2009 and December 31, 2008, the available-for-sale investments primarily consisted of fixed rate municipal notes and bonds, money market funds and U.S. Government agency securities. At October 3, 2009 and December 31, 2008, available-for-sale short-term investments included $15,793,000 and $14,553,000, respectively, held by a wholly-owned consolidated insurance captive to pay Seaboard's retention of accrued outstanding workers' compensation claims. At October 3, 2009 and December 31, 2008, amortized cost and estimated fair market value were not materially different for these investments. As of October 3, 2009, the trading securities primarily consisted of high yield debt securities. Unrealized gains related to trading securities were $1,238,000 and $1,779,000 for the three and nine months ended October 3, 2009, respectively.

The following is a summary of the amortized cost and estimated fair value of short-term investments for both available-for-sale and trading securities at October 3, 2009 and December 31, 2008.

	2009		2008	
(Thousands of dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Fixed rate municipal notes and bonds	$139,332	$143,582	$170,150	$173,096
Money market funds	116,498	116,498	79,059	79,059
U.S. Government agency securities	18,289	18,786	25,338	25,514
Foreign government debt securities	20,000	20,000	-	-
Variable rate demand notes	3,900	3,900	7,900	7,900
Other debt securities	36,968	37,877	16,231	15,340
Total available-for-sale short-term investments	334,987	340,643	298,678	300,909
High yield trading debt securities	23,782	25,342	-	-
Other trading debt securities	2,230	2,449	-	-
Domestic trading equity securities	-	-	9,008	11,771
Total available-for-sale and trading short-term investments	$360,999	$368,434	$307,686	$312,680

The following table summarizes the estimated fair value of fixed rate securities designated as available-for-sale classified by the contractual maturity date of the security as of October 3, 2009.

(Thousands of dollars) 2009

Due within one year	$ 62,605
Due after one year through three years	103,411
Due after three years	47,261
Total fixed rate securities	$213,277

In addition to its short-term investments, Seaboard also has trading securities related to Seaboard's deferred compensation plans classified in other current assets on the Condensed Consolidated Balance Sheets. See Note 5 to the Condensed Consolidated Financial Statements for information on the types of trading securities

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held related to the deferred compensation plans.

Note 3 - Inventories

The following is a summary of inventories at October 3, 2009 and December 31, 2008:

(Thousands of dollars)	October 3, 2009	December 31, 2008
At lower of LIFO cost or market:		
Live hogs and materials	$179,903	$201,654
Fresh pork and materials	24,317	26,480
	204,220	228,134
LIFO adjustment	(21,683)	(40,672)
Total inventories at lower of LIFO cost or market	182,537	187,462
At lower of FIFO cost or market:		
Grains and oilseeds	179,442	179,774
Sugar produced and in process	44,224	56,259
Other	39,896	36,964
Total inventories at lower of FIFO cost or market	263,562	272,997
Grain, flour and feed at lower of weighted average cost or market	36,053	48,536
Total inventories	$482,152	$508,995

As of October 3, 2009, Seaboard had $3,956,000 recorded in grain inventories related to its commodity trading business that are committed primarily to one customer in a foreign country for which contract performance is an ongoing concern. During the first quarter of 2009, these and other grain inventory values were written down $8,801,000 (with no tax benefit currently recognized), or $7.10 per share, based on management's estimate of net realizable value considering all of the facts and circumstances at that time. However, if Seaboard is successful in realizing more value from this inventory than what is currently recorded, it is possible that Seaboard could recover previous write-offs. Conversely, if Seaboard is unable to collect amounts primarily from the one customer as currently estimated, it is possible that Seaboard could incur an additional material write-down in value of this inventory during the fourth quarter of 2009.

Note 4 - Income Taxes

Seaboard's tax returns are regularly audited by federal, state and foreign tax authorities, which may result in adjustments. Seaboard's U.S. federal income tax returns have been reviewed through the 2004 tax year. There have not been any material changes in unrecognized income tax benefits since December 31, 2008. Interest related to unrecognized tax benefits and penalties was not material for the nine months ended October 3, 2009.

Note 5 –Derivatives and Fair Value of Financial Instruments

Seaboard adopted ASC Topic 820 (formerly FAS No. 157, "Fair Value Measurements") on January 1, 2008 with the exception of nonfinancial assets and nonfinancial liabilities that were deferred by ASC Topic 820-10 (formerly the Financial Accounting Standards Board Staff Position FAS 157-2). Seaboard adopted ASC Topic 820 for these nonfinancial assets and nonfinancial liabilities as of January 1, 2009. The adoption of ASC Topic 820 for nonfinancial assets and liabilities did not have a material impact on Seaboard's financial position or net earnings.

ASC Topic 820 discusses valuation techniques, such as the market approach (prices and other relevant information generated by market conditions involving identical or comparable assets or liabilities), the income approach (techniques to convert future amounts to single present amounts based on market expectations including present value techniques and option-pricing), and the cost approach (amount that would be required to replace the service capacity of an asset which is often referred to as replacement cost). ASC Topic 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

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Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The following table shows assets and liabilities measured at fair value on a recurring basis as of October 3, 2009 and also the level within the fair value hierarchy used to measure each category of assets. The trading securities classified as other current assets below are assets held for Seaboard's deferred compensation plans.

(Thousands of dollars)	Balance October 3, 2009	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available-for-sale securities – short-term investments:				
Fixed rate municipal notes and bonds	$143,582	$ -	$143,582	$ -
Money market funds	116,498	116,498	-	-

U.S. Government agency securities	18,786	-	18,786	-
Foreign government debt securities	20,000	-	20,000	-
Variable rate demand notes	3,900	-	3,900	-
Other debt securities	37,877	-	37,877	-
Trading securities - short-term investments:				
High yield debt securities	25,342	-	25,342	-
Other debt securities	2,449	-	2,449	-
Trading securities - other current assets:				
Domestic equity securities	10,312	10,312	-	-
Foreign equity securities	6,557	3,002	3,555	-
Fixed income mutual funds	2,253	2,253	-	-
U.S. Treasury securities	1,150	-	1,150	-
Money market funds	2,521	2,521	-	-
U.S. Government agency securities	2,839	-	2,839	-
Other	157	140	17	-
Derivatives	11,349	7,192	4,157	-
Total Assets	$405,572	$141,918	$263,654	$ -
Total Liabilities-Derivatives	$ 7,148	$ 5,047	$ 2,101	$ -

In April 2009, the FASB issued ASC Topic 820-10-65-4 (formerly FASB Staff Position FAS 157-4 "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly"). This Topic provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. Seaboard adopted this Topic in the second quarter of 2009. The adoption of this Topic did not have an impact on Seaboard's financial position or net earnings.

In April 2009, the FASB issued ASC Topic 825-10-65-1 (formerly FSP FAS 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments"). This Topic expands the fair value disclosures required for all financial instruments within the scope of Topic 825 to interim periods. Seaboard adopted this Topic in the second quarter of 2009. The adoption of this Topic did not have an impact on Seaboard's financial position or net earnings.

Financial instruments consisting of cash and cash equivalents, net receivables, notes payable, and accounts payable are carried at cost, which approximates fair value, as a result of the short-term nature of the instruments.

The fair value of long-term debt is estimated by comparing interest rates for debt with similar terms and

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maturities. The amortized cost and estimated fair values of investments and long-term debt at October 3, 2009 and December 31, 2008 are presented below.

	2009		2008	
(Thousands of dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Short-term investments, available-for-sale	$334,987	$ 340,643	$ 298,678	$ 300,909
Short-term investments, trading debt securities	26,012	27,791	-	-
Short-term investments,				

trading equity securities	-	-	9,008	11,771
Long-term debt	79,045	82,062	125,614	131,822

In March 2008, the FASB issued ASC Topic 815-10 (formerly FAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133"). This Topic changed the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under ASC Topic 815, and how derivative instruments and related hedged items affect an entity's financial position, net earnings, and cash flows. Seaboard adopted this Topic as of January 1, 2009. This Topic did not have an impact on Seaboard's financial position or net earnings. While management believes its derivatives are primarily economic hedges of its firm purchase and sales contracts or anticipated sales contracts, Seaboard does not perform the extensive record-keeping required to account for these types of transactions as hedges for accounting purposes.

Commodity Instruments

Seaboard uses various grain, meal, hog, pork bellies and energy resource related futures and options to manage its exposure to price fluctuations for raw materials and other inventories, finished product sales and firm sales commitments. At October 3, 2009, Seaboard had open net derivative contracts to sell 9,745,000 bushels of grain and 1,428,000 gallons of heating oil, and to purchase 25,000 tons of soybean meal and 13,520,000 pounds of hogs. From time to time, Seaboard may enter into speculative derivative transactions not directly related to its raw material requirements. The nature of Seaboard's market risk exposure has not changed materially since December 31, 2008. Commodity derivatives are recorded at fair value with any changes in fair value being marked to market as a component of cost of sales on the Condensed Consolidated Statements of Earnings. Since these derivatives are not accounted for as hedges, fluctuations in the related commodity prices could have a material impact on earnings in any given period.

Foreign Currency Exchange Agreements

Seaboard enters into foreign currency exchange agreements to manage the foreign currency exchange rate risk with respect to certain transactions denominated in foreign currencies. These foreign exchange agreements are recorded at fair value with changes in value marked to market as a component of cost of sales on the Condensed Consolidated Statements of Earnings as management believes they primarily related to the underlying commodity transaction, with the exception of the Japanese Yen foreign exchange agreement. The change in value of the Japanese Yen foreign exchange agreement is marked to market as a component of foreign currency gain (loss) on the Condensed Consolidated Statements of Earnings. Since these agreements are not accounted for as hedges, fluctuations in the related currency exchange rates could have a material impact on earnings in any given period.

At October 3, 2009, Seaboard had trading foreign exchange contracts to cover its firm sales and purchase commitments and related trade receivables and payables with notional amounts of $162,916,000 primarily related to the South African Rand and the Euro. At October 3, 2009, Seaboard had trading foreign exchange contracts to cover various foreign currency working capital needs related to the

South African Rand with notional amounts of $5,063,000. At October 3, 2009, Seaboard had a trading foreign exchange contract to cover a note payable borrowing for a term note denominated in Japanese Yen for a notional amount of $58,781,000.

Forward Freight Agreements

The Commodity Trading and Milling segment enters into certain forward freight agreements, viewed as taking long positions in the freight market as well as covering short freight sales, which may or may not result in actual losses when future trades are executed. These forward freight agreements, which expire in the fourth quarter of 2009, are not accounted for as hedges but are viewed by management as an economic hedge against the potential of future rising charter hire rates to be incurred by this segment for bulk cargo shipping while conducting its business of delivering grains to customers in many international locations. At October 3, 2009, Seaboard had

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forward freight agreements to pay $41,500 and receive $47,750 per day during 2009. Since these agreements are not accounted for as hedges, the change in value related to these agreements is recorded in cost of sales on the Condensed Consolidated Statements of Earnings.

Interest Rate Exchange Agreements

In December 2008 and again in March 2009, Seaboard entered into ten-year interest rate exchange agreements which involve the exchange of fixed-rate and variable-rate interest payments over the life of the agreements without the exchange of the underlying notional amounts to mitigate the effects of fluctuations in interest rates on variable rate debt. Seaboard agreed to pay a fixed rate and receive a variable rate of interest on two notional amounts of $25,000,000 each. In June 2009, Seaboard terminated both interest rate exchange agreements with a total notional value of $50,000,000. Seaboard received payments in the amount of $3,981,000 to unwind these agreements. Since these interest rate exchange agreements were not accounted for as hedges, the change in value related to these agreements were recorded in Miscellaneous, net in the Condensed Consolidated Statements of Earnings.

Counterparty Credit Risk

Seaboard is subject to counterparty credit risk related to its foreign currency exchange agreements and forward freight agreements. The maximum amount of loss due to the credit risk of the counterparties for these agreements, should the counterparties fail to perform according to the terms of the contracts, is $6,839,000 as of October 3, 2009. Seaboard's foreign currency exchange agreements have a maximum amount of loss due to credit risk in the amount of $4,157,000 with several counterparties. Seaboard's forward freight agreements have a maximum amount of loss in the amount of $2,682,000 with one counterparty. Seaboard does not hold any collateral related to these agreements.

The following table provides the amount of gain or (loss) recognized for each type of derivative and where it was recognized in the Condensed Consolidated Statement of Earnings for the three and nine months ended October 3, 2009.

(Thousands of dollars)
October 3, 2009

	Location of Gain or (Loss) Recognized in Income on Derivative	Three Months Ended Amount of Gain or(Loss) Recognized in Income on Derivative	Nine Months Ended Amount of Gain or (L Recognized in Income Derivative
Commodities	Cost of sales	$ 7,528	$ 13,648
Foreign currencies	Cost of sales	(6,148)	(19,330)
Foreign currencies	Foreign currency	3,898	332
Forward freight agreements	Cost of sales	-	-
Interest rate	Miscellaneous, net	-	5,312

The following table provides the fair value of each type of derivative held as of October 3, 2009 and where each derivative is included on the Condensed Consolidated Balance Sheets.

(Thousands of dollars)	Asset Derivatives		Liability Derivative
	Balance Sheet Location	Fair Value	Balance Sheet Location
Commodities	Other current assets	$4,511	Other current liabilities
Foreign currencies	Other current assets	4,157	Other current liabilities
Forward freight agreements	Other current assets	2,682	Other current liabilities

Note 6 - Employee Benefits

Seaboard maintains a defined benefit pension plan ("the Plan") for its domestic salaried and clerical employees. As a result of significant investment losses incurred in the Plan during the fourth quarter of 2008, in July 2009 Seaboard made a deductible contribution of $14,615,000 for the 2008 plan year. As a result of this contribution, at this time management does not anticipate making a contribution for the 2009 plan year. Seaboard also sponsors non-qualified, unfunded supplemental executive plans, and unfunded supplemental retirement agreements with certain executive employees. Management has no plans to provide funding for these supplemental plans in advance of when the benefits are paid.

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The net periodic benefit cost of these plans was as follows:

(Thousands of dollars)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October3, 2009	Nine Months Ended September 27, 2008
Components of net periodic benefit cost:				
Service cost	$ 1,509	$ 1,376	$ 4,520	$ 4,013

Interest cost	2,046	1,983	6,127	5,753
Expected return on plan assets	(1,197)	(1,697)	(3,579)	(4,810)
Amortization and other	1,252	390	3,747	1,177
Net periodic benefit cost	$ 3,610	$ 2,052	$10,815	$ 6,133

The accumulated unrecognized losses for 2008 in the Plan as of December 31, 2008 exceeded the 10% deferral threshold as permitted under U.S GAAP for pension plans as a result of the significant investment losses incurred during 2008. Accordingly, Seaboard's pension expense for the Plan will increase by approximately $3,000,000 for 2009 as compared to 2008 as a result of loss amortization. In addition, pension expense for the Plan is expected to increase an additional $1,739,000 as a result of reduced expected return on assets, from the decline of assets in the Plan during 2008, partially offset by approximately $457,000 in expected earnings from the 2009 contribution discussed above.

In December 2008, the FASB issued ASC Topic 715-20-65 (formerly FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," amending FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits"). Seaboard will be required to adopt this Topic effective for the fiscal year ending December 31, 2009. This Topic will require more detailed disclosures regarding defined benefit pension plan assets, including investment policies and strategies, major categories of plan assets, valuation techniques used to measure the fair value of plan assets and significant concentration of risk within plan assets. Management believes the adoption of this Topic will not have a material impact on Seaboard's financial position or net earnings.

Note 7 - Commitments and Contingencies

In July 2009, Seaboard Corporation, and affiliated companies in its Commodity Trading and Milling segment, resolved a dispute with a third party related to a 2005 transaction in which a portion of its trading operations was sold to a firm located abroad. As a result of this action, Seaboard Overseas Limited received approximately $16,787,000, net of expenses, in the third quarter of 2009. There was no tax expense on this transaction.

Seaboard is subject to various legal proceedings related to the normal conduct of its business, including various environmental related actions. In the opinion of management, none of these actions is expected to result in a judgment having a materially adverse effect on the consolidated financial statements of Seaboard.

Contingent Obligations

Certain of the non-consolidated affiliates and third party contractors who perform services for Seaboard have bank debt supporting their underlying operations. From time to time, Seaboard will provide guarantees of that debt allowing a lower borrowing rate or facilitating third party financing in order to further Seaboard's business objectives. Seaboard does not issue guarantees of third parties for compensation. As of October 3, 2009, Seaboard had guarantees outstanding to two third parties with a total maximum exposure of $1,978,000. Seaboard has not accrued a liability for any of the third party or affiliate guarantees as management considers the likelihood of loss to be remote.

As of October 3, 2009, Seaboard had outstanding letters of credit

("LCs") with various banks which reduced its borrowing capacity under its committed and uncommitted credit facilities by $58,123,000 and $4,099,000, respectively. Included in these amounts are LCs totaling $42,688,000, which support the Industrial Development Revenue Bonds included as long-term debt and $15,350,000 of LCs related to insurance coverages.

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Note 8 - Stockholders' Equity and Accumulated Other Comprehensive Loss

Components of total comprehensive income, net of related taxes, are summarized as follows:

(Thousands of dollars)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Net earnings	$36,248	$33,088	$ 78,954	$124,314
Other comprehensive income netof applicable taxes:				
Foreign currency translation adjustment	(579)	3,646	(11,003)	4,972
Unrealized gain on investments, net	1,575	(452)	1,364	(845)
Unrecognized pension cost	860	239	2,581	330
Total comprehensive income	$38,104	$36,521	$ 71,896	$128,771

The components of and changes in accumulated other comprehensive loss for the nine months ended October 3, 2009 are as follows:

(Thousands of dollars)	Balance December 31, 2008	Period Change	Balance October 3, 2009
Foreign currency translation adjustment	$ (68,211)	$(11,003)	$ (79,214)
Unrealized gain on investments, net	1,781	1,364	3,145
Unrecognized pension cost	(45,273)	2,581	(42,692)
Accumulated other comprehensive loss	$(111,703)	$ (7,058)	$(118,761)

The foreign currency translation adjustment primarily represents the effect of the Argentine peso currency exchange fluctuation on the net assets of the Sugar segment. At October 3, 2009, the Sugar segment had $153,622,000 in net assets denominated in Argentine pesos, $16,497,000 in net assets denominated in U.S. dollars and $57,352,000 of liabilities denominated in Japanese Yen in Argentina.

With the exception of the foreign currency translation adjustment to which a 35% federal tax rate is applied, income taxes for components of accumulated other comprehensive loss were recorded using a 39% effective tax rate. In addition, the unrecognized pension cost includes $14,973,000 related to employees at certain subsidiaries for which no tax benefit has been recorded.

On August 7, 2007, the Board of Directors authorized Seaboard to repurchase from time to time prior to August 31, 2009 up to $50,000,000 market value of its Common Stock in open market or privately negotiated purchases, of which $11,129,000 remained available upon expiration on August 31, 2009. For the nine months ended October 3, 2009, Seaboard repurchased 3,668 shares of common stock at a cost of $3,370,000. There were no shares purchased during the third quarter of 2009. Shares repurchased were retired and resumed the status of authorized and unissued shares. See Note 10 to the Condensed Consolidated Financial Statements for information on the new share repurchase program that was authorized by the Board of Directors on November 6, 2009.

Stockholders approved an amendment to decrease the number of authorized shares of common stock from 4,000,000 shares to 1,250,000 shares at the annual meeting on April 27, 2009.

Note 9 - Segment Information

As of October 3, 2009, the Pork segment had $28,372,000 of goodwill and $17,000,000 of other intangibles not subject to amortization in connection with its acquisition of Daily's. As of July 4, 2009, Seaboard conducted its annual evaluation for impairment of this goodwill and other intangible assets and, based on current market conditions indicating future sales price increases, additional processed meats sales volumes and related levels of estimated operating margins, determined there is no impairment.

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During the first half of 2008, Seaboard started operations at its processing plant to produce biodiesel. The ongoing profitability of this plant is primarily based on future sales prices, the price of alternative inputs, government usage mandates and the continuation of a federal tax credit, which is set to expire at the end of 2009. Currently, it is unclear if this tax credit will be renewed. During the fourth quarter of 2008, a combination of continued start-up expenses, a decrease in fuel prices and relatively high input prices resulted in an operating loss. Seaboard performed an impairment evaluation of this plant as of December 31, 2008 but determined there was no impairment based on management's current assumptions of future production volumes, sales prices, cost inputs and the probabilities of the combination of federal usage mandates and tax credits extensions. However, if future market conditions do not produce projected sale prices or expected cost inputs or there is a material change in the government usage mandates or available tax credits, there is a possibility that some amount of the recorded value of this processing plant could be deemed impaired during some future period including 2009, which may result in a charge to earnings. The recorded value of these assets as of October 3, 2009 was $43,762,000.

Prior to the first quarter of 2009, the Sugar segment was named Sugar and Citrus reflecting the citrus and related juice operations of this business. During the first quarter of 2009, management reviewed its strategic options for the citrus business in light of a continually difficult operating environment. In March 2009, management decided not to process, package or market the 2009 harvest for the citrus and related juice operations. As a result, during the first quarter of 2009, a charge to earnings of $2,803,000 was recorded primarily to write-down the value of related citrus and juice inventories to net realizable value, considering such remaining inventory will not be marketed similar to prior years but instead liquidated. In the second quarter of 2009, management decided to integrate and transform the land previously used for citrus production into sugar cane production and thus incurred an additional charge to earnings of approximately $2,497,000 during the second quarter of 2009 in connection with this change in business. In addition, management is evaluating the use of the remaining fixed assets, primarily buildings and equipment, to determine the best alternative use of these assets in the future. Management is considering various alternatives, including leasing, selling, or integrating the fixed assets into the existing sugar business. Accordingly, depending on the final disposition of these fixed assets, additional charges to earnings could be incurred for potential write-down of these fixed assets in future quarters if such plans do not fully recover the existing net book value of such fixed assets. The net book value of these assets was $2,890,000 as of October 3, 2009. Management anticipates finalizing its plans for these fixed assets by the end of 2009.

Included in the "All Other" segment is the Power division. The Power division sells approximately 34% of its power generation to a government-owned distribution company under a short-term contract for which Seaboard bears a concentrated credit risk as this customer, from time to time, has significant past due balances. In May 2009, Seaboard received sovereign government bonds of the Dominican Republic with a par value of $20,000,000 denominated in U.S. dollars, with an 8% tax free coupon rate, to satisfy the same amount of outstanding billings from this customer that Seaboard had classified as long-term. These bonds are now classified as available-for-sale short term investments on the Condensed Consolidated Balance Sheet as of October 3, 2009.

On March 2, 2009, an agreement became effective under which Seaboard agreed to sell its two power barges in the Dominican Republic for $70,000,000. The agreement calls for the sale to occur on or around January 1, 2011. During March 2009, $15,000,000 was paid to Seaboard (recorded as long-term deferred revenue) and the $55,000,000 balance of the purchase price was paid into escrow and will be paid to Seaboard at the closing of the sale. The book value of the two barges was $21,124,000 as of October 3, 2009. Seaboard will continue to operate these two barges until the closing date of the sale, with an estimated annual depreciation cost of approximately $3,600,000. Seaboard will be responsible for the wind down and decommissioning costs of the barges. Completion of the sale is dependent upon several conditions, including meeting certain baseline performance and emission tests. Failure to satisfy or cure any deficiencies could result in the agreement being terminated and the sale abandoned. Seaboard could be responsible to pay liquidated damages of up to approximately $15,000,000 should it fail to perform its obligations under the agreement, after expiration of applicable cure and grace periods. Seaboard will retain all other physical properties of this business and is considering options to continue its power business in the Dominican Republic after the sale of these assets is completed.

The following tables set forth specific financial information about each segment as reviewed by Seaboard's

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management. Operating income for segment reporting is prepared on the same basis as that used for consolidated operating income. Operating income, along with income or losses from foreign affiliates for the Commodity Trading and Milling segment, is used as the measure of evaluating segment performance because management does not consider interest, other investment income and income tax expense on a segment basis.

Sales to External Customers:

	Three Months Ended		Nine Months Ended	
(Thousands of dollars)	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Pork	$260,608	$ 303,626	$ 793,583	$ 830,870
Commodity Trading and Milling	364,146	495,656	1,105,158	1,383,120
Marine	165,675	254,882	548,360	695,536
Sugar	28,970	35,664	106,174	102,746
All Other	35,226	41,863	88,748	113,038
Segment/Consolidated Totals	$854,625	$1,131,691	$2,642,023	$3,125,310

Operating Income (Loss):

	Three Months Ended		Nine Months Ended	
(Thousands of dollars)	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Pork	$ (1,998)	$ 1,201	$ (15,123)	$ (30,040)
Commodity Trading and Milling	6,466	21,443	24,917	83,627
Marine	(4,108)	11,998	13,323	36,489
Sugar	(659)	(3,074)	498	2,825
All Other	3,245	857	6,789	6,982
Segment Totals	2,946	32,425	30,404	99,883
Corporate Items	(5,625)	(711)	(14,272)	(5,691)
Consolidated Totals	$ (2,679)	$ 31,714	$ 16,132	$ 94,192

Income from Foreign Affiliates:

	Three Months Ended		Nine Months Ended	
(Thousands of dollars)	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Commodity Trading and Milling	$ 5,079	$ 4,706	$ 12,287	$ 10,370
Sugar	194	113	578	262
Segment/Consolidated Totals	$ 5,273	$ 4,819	$ 12,865	$ 10,632

Total Assets:

(Thousands of dollars)	October 3, 2009	December 31, 2008
Pork	$ 768,667	$ 800,062
Commodity Trading and Milling	540,099	543,303
Marine	231,812	267,268
Sugar	195,704	225,716
All Other	95,006	81,222
Segment Totals	1,831,288	1,917,571
Corporate Items	480,784	413,790
Consolidated Totals	$2,312,072	$2,331,361

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Investments in and Advances to Foreign Affiliates:

(Thousands of dollars)	October 3, 2009	December 31, 2008
Commodity Trading and Milling	$ 78,117	$ 66,578

Sugar	1,877	1,513
Segment/Consolidated Totals	$ 79,994	$ 68,091

Administrative services provided by the corporate office allocated to the individual segments represent corporate services rendered to and costs incurred for each specific division with no allocation to individual segments of general corporate management oversight costs. Corporate assets include short-term investments, other current assets related to deferred compensation plans, fixed assets, deferred tax amounts and other miscellaneous items. Corporate operating losses represent certain operating costs not specifically allocated to individual segments.

Note 10 - Subsequent Event

On November 6, 2009, the Board of Directors authorized Seaboard to repurchase from time to time prior to October 31, 2011 up to $100 million market value of its Common Stock in open market or privately negotiated purchases which may be above or below the traded market price. The stock repurchase will be funded by cash on hand. Any shares repurchased will be retired and shall resume the status of authorized and unissued shares. Any stock repurchases will be made in compliance with applicable legal requirements and the timing of the repurchases and the number of shares to be repurchased at any given time may depend on market conditions, Securities and Exchange Commission regulations and other factors. The Board's stock repurchase authorization does not obligate Seaboard to acquire a specific amount of common stock and the stock repurchase program may be suspended at any time at Seaboard's discretion.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES

Summary of Sources and Uses of Cash

Cash and short-term investments as of October 3, 2009 increased $51.3 million to $424.6 million from December 31, 2008. The increase was the result of cash generated by operating activities of $184.1 million, and $16.8 million received from a gain on a disputed sale (as discussed in Note 7 to the Condensed Consolidated Financial Statements) and $15.0 million received for the potential sale of power barges, as discussed below. During this same time, cash was used to reduce notes payable by $97.6 million, to reduce long-term debt by $46.7 million and to spend $39.1 million on capital expenditures. Cash from operating activities increased $250.6 million for the nine months ended October 3, 2009 compared to the same period in 2008, primarily as the result of decreases in working capital items of accounts receivable and inventory in 2009 compared to increases in 2008, partially offset by lower net earnings for the nine months ended October 3, 2009 compared to the same period in 2008.

Acquisitions, Capital Expenditures and Other Investing Activities

During the nine months ended October 3, 2009, Seaboard invested

$39.1 million in property, plant and equipment, of which $12.7 million was expended in the Pork segment, $11.0 million in the Marine segment, and $13.5 million in the Sugar segment. The Pork segment expenditures were primarily for improvements to existing hog facilities, upgrades to the Guymon pork processing plant and the ham-boning and processing plant in Mexico. The ham-boning and processing plant was completed in the second quarter of 2009. The Marine segment expenditures were primarily for purchases of cargo carrying and handling equipment. In the Sugar segment, the capital expenditures were primarily for the development of the cogeneration plant and expansion of cane growing operations. All other capital expenditures are of a normal recurring nature and primarily include replacements of machinery and equipment, and general facility modernizations and upgrades.

For the remainder of 2009 management has budgeted capital expenditures totaling $23.3 million. The Pork segment plans to spend $2.9 million for improvements to existing hog facilities and upgrades to the Guymon pork processing plant. The Marine segment has budgeted $6.8 million primarily for the purchase of additional cargo carrying and handling equipment. In addition, management will be evaluating whether to purchase additional containerized cargo vessels for the Marine segment and dry bulk vessels for the Commodity Trading and Milling segment during 2009. The Sugar segment plans to spend a total of $12.1 million consisting of $8.0 million for the development of a 40 megawatt cogeneration plant, with the remaining amount primarily for the expansion of cane growing operations. The cogeneration plant is expected to be operational by the second quarter of 2010 with an additional $12.0 million anticipated to be spent during 2010. The balance of $1.5 million is planned to be spent in all other businesses. Management anticipates paying for these capital expenditures from available cash, the use of available short-term investments or Seaboard's available borrowing capacity.

On March 2, 2009, an agreement became effective under which Seaboard agreed to sell its two power barges in the Dominican Republic on or around January 1, 2011 for $70.0 million. During March 2009, $15.0 million was paid to Seaboard and the $55.0 million balance of the purchase price was paid into escrow and will be paid to Seaboard at the closing of the sale. See Note 9 to the Condensed Consolidated Financial Statements for further discussion.

Financing Activities and Debt

As of October 3, 2009, Seaboard had committed lines of credit totaling $300.0 million and uncommitted lines totaling $135.8 million. As of October 3, 2009, there were no borrowings outstanding under the committed lines of credit and borrowings under the uncommitted lines of credit totaled $22.8 million. Outstanding standby letters of credit reduced Seaboard's borrowing capacity under its committed and uncommitted credit lines by $58.1 million and $4.1 million, respectively, primarily representing $42.7 million for Seaboard's outstanding Industrial Development Revenue Bonds and $15.3 million related to insurance coverage. Also included in notes payable as of October 3, 2009 was a term note of $57.4 million denominated in Japanese Yen. Subsequent to October 3, 2009, Seaboard obtained letter of credit financing that replaced existing letters of credit resulting in an increase to borrowing capacity by approximately $16.3 million.

Seaboard's remaining 2009 scheduled long-term debt maturities total

$0.4 million. Although the worldwide economic downturn could affect Seaboard's ability to fund operations, management believes Seaboard's current combination of internally generated cash, liquidity, capital resources and borrowing capabilities will be adequate for its existing operations and any currently known potential plans for expansion of existing operations or

business segments for 2009. In July 2008, Seaboard secured a $300.0 million line of credit for five years and as of October 3, 2009, has cash and short-term investments of $424.6 million with total net working capital of $890.0 million. In management's view, the primary liquidity issues for 2009 pertain to its customers' and suppliers' liquidity, financing capabilities and overall financial health, which could affect Seaboard's sales volumes or customer contract performance, procurement of or access to needed inventory, supplies and equipment, and the timely collection of receivables along with related potential deterioration in the receivables aging. Management periodically reviews various alternatives for future financing to provide additional liquidity for future operating plans. Despite the current global business climate, management intends to continue seeking opportunities for expansion in industries in which Seaboard operates, utilizing existing liquidity and available borrowing capacity, and currently does not plan to pursue other financing alternatives.

The Seaboard share repurchase program ended on August 31, 2009. For the nine months ended October 3, 2009, Seaboard used cash to repurchase 3,668 shares of common stock at a total price of $3.4 million. On November 6, 2009, the Board of Directors authorized up to $100 million for a new share repurchase program. See Note 8 and 10 to the Condensed Consolidated Financial Statements for further discussion.

See Note 7 to the Condensed Consolidated Financial Statements for a summary of Seaboard's contingent obligations, including guarantees issued to support certain activities of non-consolidated affiliates or third parties who provide services for Seaboard.

RESULTS OF OPERATIONS

Net sales for the three and nine month periods of 2009 decreased by $277.1 million and $483.3 million, respectively, over the same periods in 2008. The decreases primarily reflect price decreases for commodities sold by the commodity trading business, lower cargo volumes for the Marine segment and, to a lesser extent, a decrease in sale prices for pork products. Partially offsetting the decreases were increased commodities trading volumes to non-consolidated affiliates.

Operating income decreased by $34.4 million and $78.1 million for the three and nine month periods of 2009, respectively, compared to of the same periods in 2008. The decreases for the three month period and the nine month period reflect lower Marine segment margins and a $12.1 million and $19.0 million fluctuation of marking to market Commodity Trading and Milling derivative contracts, respectively, as discussed below. The nine month decrease was also significantly impacted by lower commodity trading margins as discussed below partially offset by higher margins on pork products sold primarily from lower feed costs.

Pork Segment

(Dollars in millions)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Net sales	$ 260.6	$ 303.6	$ 793.6	$ 830.9
Operating income (loss)	$ (2.0)	$ 1.2	$ (15.1)	$ (30.0)

Net sales for the Pork segment decreased $43.0 million and $37.3 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The decreases primarily represents a decrease in overall sale prices for pork products, partially offset by higher volumes of pork products sold especially for export. Increased volumes were made possible by the expansion in daily capacity at the Guymon processing plant during the first quarter of 2008. The lower sales prices for pork products appear to be the result of an excess supply of pork products in the domestic market, the impacts of flu related concerns as well as the world economic challenges. In April 2009, reports of a new flu strain believed to originate in Mexico rapidly received wide-spread public attention. Despite confirmations that people could not catch this strain of influenza by eating or handling pork products, early reports labeled this strain as "swine flu." In late April, U.S. officials re-named this strain as "2009 H1N1 flu", recognizing that this strain had not been found in any pigs, and therefore it cannot be contracted from pork products. In response to initial reports, certain countries banned U.S. pork exports and this segment noted a decrease in overall market prices for its pork products.

Operating income for the Pork segment decreased $3.2 million and increased $14.9 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. For the quarter, the lower sale prices discussed above more than offset several cost decreases resulting in the operating loss while for the nine month period, cost decreases more than offset the sale price decreases. The cost decreases primarily were related to lower feed costs, the impact of using the LIFO method for determining certain inventory costs and lower costs of third party hogs. For the three and nine months ended October 3, 2009, LIFO increased operating

income by $6.9 million and $19.0 million, respectively, compared to decreases of $7.8 million and $37.5 million for the same periods in 2008, respectively, primarily as a result of lower costs to purchase corn and soybean meal during 2009.

Management is unable to predict future market prices for pork products or the cost of feed and hogs purchased from third parties. Although several foreign markets have lifted their bans on imports of U.S. pork products, flu-related concerns are still present and the lingering impact from these market disruptions continue to have a negative impact on sales prices. As a result, management believes operating losses will continue for the remainder of 2009.

In addition, as discussed in Note 9 to the Condensed Consolidated Financial Statements, there is a possibility that some amount of the biodiesel plant could be deemed impaired during some future period including fiscal 2009, which may result in a charge to earnings if current projections are not met.

Commodity Trading and Milling Segment

(Dollars in millions)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Net sales	$ 364.1	$ 495.7	$1,105.2	$1,383.1
Operating income	$ 6.5	$ 21.4	$ 24.9	$ 83.6
Income from foreign affiliates	$ 5.1	$ 4.7	$ 12.3	$ 10.4

Net sales for the Commodity Trading and Milling segment decreased $131.6 million and $277.9 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The decreases are primarily the result of price decreases for commodities sold by the commodity trading business, especially for wheat, partially offset by increased commodity trading volumes to non-consolidated affiliates.

Operating income for this segment decreased $14.9 million and $58.7 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The decreases for the three month period and the nine month period reflect the $12.1 million and $19.0 million, respectively, fluctuation of marking to market the derivative contracts as discussed below. In addition, for the nine month period the decrease also reflects certain long inventory positions, especially wheat, taken by Seaboard which provided higher than average commodity trading margins during the first six months of 2008 as the price of these commodities significantly increased to historic highs at the time of sale in 2008. The nine month decrease also reflects write-downs of $8.8 million for certain grain inventories during the first quarter of 2009 for customer contract performance issues and related lower of cost or market adjustments, as discussed further in Note 3 to the Condensed Consolidated Financial Statements, and lower operating income at the milling operations in Zambia as a result of high wheat costs causing reduced consumer demand and unfavorable currency devaluation impacting local sales and operating costs.

Due to the uncertain political and economic conditions in the countries in which Seaboard operates and the current volatility in the commodity markets, management is unable to predict future sales and operating results. However, management anticipates positive operating income for the remainder of 2009, excluding the potential effects of marking to market derivative contracts. In addition, see Note 3 to the Condensed Consolidated Financial Statements for discussion regarding certain grain inventories.

Had Seaboard not applied mark-to-market accounting to its derivative instruments, operating income would have been higher by $9.3 million and $7.6 million for the three and nine month periods of 2009, respectively, while operating income would have been lower by $2.8 million and $11.4 million for the same periods in 2008. While management believes its commodity futures and options, foreign exchange contracts and forward freight agreements are primarily economic hedges of its firm purchase and sales contracts or anticipated sales contracts, Seaboard does not perform the extensive record-keeping required to account for these types of transactions as hedges for accounting purposes. Accordingly, while the changes in value of the derivative instruments were marked to market, the changes in value of the firm purchase or sales contracts were not. As products are delivered to customers, these mark-to-market adjustments will be primarily offset by realized margins as revenue is recognized. Accordingly, these mark-to-market gains and losses could reverse in future periods, including fiscal 2009.

Income from foreign affiliates for the three and nine month periods of 2009 increased by $0.4 million and $1.9 million, respectively, from the same 2008 periods as a result of more favorable market conditions. Based on the uncertainty of local political and economic situations in the countries in which the flour and feed mills operate, management cannot predict future results.

Marine Segment

(Dollars in millions)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Net sales	$165.7	$254.9	$ 548.4	$ 695.5
Operating income (loss)	$ (4.1)	$ 12.0	$ 13.3	$ 36.5

Net sales for the Marine segment decreased $89.2 million and $147.1 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The decreases primarily reflect economic declines in most markets served by Seaboard resulting in lower cargo volumes and, to a lesser extent, lower cargo rates especially during the third quarter.

Operating income for the Marine segment decreased $16.1 million and $23.2 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The decreases were primarily the result of lower rates, as discussed above, not being offset by comparable decreases in certain costs, such as port costs and stevedoring. However, significant decreases did occur related to fuel costs for vessels and trucking expenses on a per unit shipped basis. In addition, operating income for 2008 was decreased by an accounting error totaling $6.3 million for the nine month period, relating to prior periods that were recorded in the second quarter of 2008. Management cannot predict changes in future cargo volumes and cargo rates or to what extent changes in economic conditions in markets served will continue to affect net sales or operating income during the remainder of 2009. Given the recent decline in global trade volume and cargo rates, management is unable to predict whether this segment will be profitable for the remainder of 2009.

Sugar Segment

(Dollars in millions)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Net sales	$ 29.0	$35.7	$106.2	$102.7
Operating income (loss)	$ (0.7)	$(3.1)	$ 0.5	$ 2.8
Income from foreign affiliates	$ 0.2	$ 0.1	$ 0.6	$ 0.3

Net sales for the Sugar segment decreased $6.7 million and increased $3.5 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The decrease for the quarter primarily reflects lower domestic sugar prices and the elimination of the citrus business as discussed below. The increase for the nine month period primarily reflects an increase in volumes partially offset by less sugar purchased from third parties for resale and the elimination of the citrus business. Argentine governmental authorities continue to attempt to control inflation by limiting the price increases of basic commodities, including sugar. Accordingly, management cannot predict sugar prices.

Operating income increased $2.4 million and decreased $2.3 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The improvement for the three month period is primarily the result of prior year operating losses from the citrus business which were not conducted during 2009 as discussed below partially offset by lower margins from the sugar business primarily as a result of lower sugar prices as discussed above. The decrease for the nine month period primarily represents a decrease of $1.5 million from the citrus business as a result of $5.3 million charge to earnings during the first and second quarters of 2009 related to the write-down of citrus inventories, the integration and transformation of land previously used for citrus production into sugar cane production and related costs as discussed in Note 9 to the Condensed Consolidated Financial Statements. The nine month decrease also reflects higher selling and administrative personnel costs. Management is unable to predict whether this segment will be profitable for the remainder of 2009.

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All Other

(Dollars in millions)	Three Months Ended October 3, 2009	Three Months Ended September 27, 2008	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Net sales	$ 35.2	$41.9	$ 88.7	$113.0
Operating income	$ 3.2	$ 0.9	$ 6.8	$ 7.0

Net sales and operating income primarily represent results from the Dominican Republic Power division. Net sales decreased $6.7 million and $24.3 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008 primarily reflecting lower rates partially offset by higher power production levels. The lower rates were attributable primarily to lower fuel costs, a component of pricing. Operating income increased $2.3 million and decreased $0.2 million for the three and nine month periods of 2009, respectively, compared to the same periods in 2008. The three month increase is primarily related to lower voltage regulation and other similar costs and the result of lower rates noted above decreasing less than fuel costs. The decrease for the nine month period is primarily a result of higher administrative personnel costs. Management cannot predict future fuel costs or the extent to which rates will fluctuate compared to fuel costs, but anticipates this segment will remain profitable for the remainder of 2009. See Note 9 to the Condensed Consolidated Financial Statements for the potential future sale of certain assets of this business.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased by $4.3 million and $13.2 million for the three and nine month periods of 2009 compared to the same periods in 2008. The increases are primarily due to increased personnel costs, including increased costs related to Seaboard's deferred compensation programs (which are offset by the effect of the mark-to-market investments recorded in other investment income discussed below). As a percentage of revenues, SG&A increased to 5.8% and 5.5% for the 2009 three and nine month periods, respectively compared to 4.0% and 4.2% for the same periods in 2008 primarily as a result of decreased sales.

Other Investment Income

Other investment income increased $6.7 million and $5.7 million for the three and nine month periods of 2009 compared to the same periods in 2008. The increases primarily reflect gains in the mark-to-market value of Seaboard's investments related to the deferred compensation programs in 2009 compared to losses in 2008.

Gain on Disputed Sale, Net

In July 2009, Seaboard Corporation, and affiliated companies in its Commodity Trading and Milling segment, resolved a dispute with a third party related to a 2005 transaction in which a portion of its trading operations was sold to a firm located abroad. As a result of this action, Seaboard Overseas Limited received $16.8 million, net of expenses, in the third quarter of 2009. There was no tax expense on this transaction.

Miscellaneous, Net

The increase in miscellaneous, net income for the nine month period of 2009 compared to the same period in 2008 primarily reflects a gain of $5.3 million on interest rate exchange agreements for the nine month period of 2009.

Income Tax Expense

The effective tax benefit rate for the nine month period increased in 2009 compared to 2008 based on lower projected permanently deferred foreign earnings compared to projected domestic taxable loss for 2009 compared to 2008. The higher benefit rate for the three month period of 2009 compared to the nine month period of 2009 resulted from increasing the projected total domestic loss for the year during the third quarter.

OTHER FINANCIAL INFORMATION

In June 2009, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) No. 167 "Amendments to FASB Interpretation No. 46(R)". This statement amends Interpretation 46(R) and requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity (VIE). This analysis identifies the primary beneficiary of a VIE as the enterprise that has both the power to direct the most significant activities of a VIE and the obligation to absorb losses or the right to receive benefits from the VIE.

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This statement also amends Interpretation 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE and requires certain additional disclosures about the VIE. Seaboard will be required to adopt this statement as of January 1, 2010. Management believes the adoption of this statement will not have a material impact on Seaboard's financial position or net earnings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Seaboard is exposed to various types of market risks in its day-to-day operations. Seaboard utilizes derivative instruments to mitigate some of these risks including both purchases and sales of futures and options to hedge inventories, forward purchase and sale contracts, forward purchases, and forward freight agreements. Primary market risk exposures result from changing commodity prices, freight rates, foreign currency exchange rates and interest rates. From time to time, Seaboard may also enter into speculative derivative transactions not directly related to its raw material requirements. The nature of Seaboard's market risk exposure related to these items has not changed materially since December 31, 2008. See Note 5 to the Condensed Consolidated Financial Statements for further discussion.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures - Seaboard's management evaluated, under the direction of our Chief Executive and Chief Financial Officers, the effectiveness of Seaboard's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) as of October 3, 2009. Based upon and as of the date of that evaluation, Seaboard's Chief Executive and Chief Financial Officers concluded that Seaboard's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports it files and submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required. It should be noted that any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any system of disclosure controls and procedures is based in part upon assumptions about the likelihood of future events. Due to these and other inherent limitations of any such system, there can be no assurance that any design will always succeed in achieving its stated goals under all potential future conditions.

Change in Internal Controls - There has been no change in Seaboard's internal control over financial reporting required by Exchange Act Rule 13a-15 that occurred during the fiscal quarter ended October 3, 2009 that has materially affected, or is reasonably likely to materially affect, Seaboard's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes in the risk factors as previously disclosed in Seaboard's Annual Report on form 10-K for the year ended December 31, 2008.

Item 5. Other Information

On November 6, 2009, the Board of Directors authorized Seaboard to repurchase from time to time prior to October 31, 2011 up to $100 million market value of its Common Stock in open market or privately negotiated purchases which may be above or below the traded market price. The stock repurchase will be funded by cash on hand. Any shares repurchased will be retired and shall resume the status of authorized and unissued shares. Any stock repurchases will be made in compliance with applicable legal requirements and the timing of the repurchases and the number of shares to be repurchased at any given time may depend on market conditions, Securities and Exchange Commission regulations and other factors. The Board's stock repurchase authorization does not obligate Seaboard to acquire a specific amount of common stock and the stock repurchase program may be suspended at any time at Seaboard's discretion.

Item 6. Exhibits

31.1 Certification of the Chief Executive Officer Pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Chief Financial Officer Pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

This Form 10-Q contains forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Seaboard Corporation and its subsidiaries (Seaboard). Forward-looking statements generally may be identified as statements that are not historical in nature; and statements preceded by, followed by or that include the words "believes," "expects," "may," "will," "should," "could," "anticipates," "estimates," "intends," or similar expressions. In more specific terms, forward-looking statements, include, without limitation: statements concerning projection of revenues, income or loss, capital expenditures, capital structure or other financial items, including the impact of mark-to-market accounting on operating income; statements regarding the plans and objectives of management for future operations; statements of future economic performance; statements regarding the intent, belief or current expectations of Seaboard and its management with respect to: (i) Seaboard's ability to obtain adequate financing and liquidity, (ii) the price of feed stocks and other materials used by Seaboard, (iii) the sales price or market conditions for pork, grains, sugar and other products and services, (iv) statements concerning management's expectations of recorded tax effects under existing circumstances, (v) the ability of the Commodity Trading and Milling segment to successfully compete in the markets it serves and the volume of business and working capital requirements associated with the competitive trading environment, (vi) the charter hire rates and fuel prices for vessels, (vii) the stability of the Dominican Republic's economy, fuel costs and related spot market prices and collection of receivables in the Dominican Republic, (viii) the ability of Seaboard to sell certain grain inventories in foreign countries at current cost basis and the related contract performance by customers, (ix) the effect of the fluctuation in foreign currency exchange rates, (x) statements concerning profitability or sales volume of any of Seaboard's segments, (xi) the anticipated costs and completion timetable for Seaboard's scheduled capital improvements, (xii) the impact from the flu incident on the demand and overall market prices for pork products, or (xiii) other trends affecting

Seaboard's financial condition or results of operations, and statements of the assumptions underlying or relating to any of the foregoing statements.

This list of forward-looking statements is not exclusive. Seaboard undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changes in assumptions or otherwise. Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. Actual results may differ materially from those contemplated by the forward-looking statements due to a variety of factors. The information contained in this report, including without limitation the information under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations," identifies important factors which could cause such differences.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEABOARD CORPORATION

by: /s/ Robert L. Steer
Robert L. Steer, Senior Vice President,
Chief Financial Officer
(principal financial officer)

Date: November 6, 2009

by: /s/ John A. Virgo
John A. Virgo, Vice President,
Corporate Controller
and Chief Accounting Officer
(principal accounting officer)

Date: November 6, 2009

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