SEABOARD CORP /DE/
Form 10-Q
August 12, 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 July 4, 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 1,236,758 shares of common stock, $1.00 par value per share, outstanding on July 31, 2009.

Total pages in filing - 23 pages

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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		Six Months Ended	
	July 4, 2009	June 28, 2008	July 4, 2009	June 28, 2008
Net sales:				
Products (includes sales to foreign affiliates of $119,984, $148,609, $260,900 and $258,302, respectively)	$ 661,784	$ 731,123	$1,343,297	$1,477,023
Services	183,822	234,410	398,705	453,259
Other	24,224	34,418	45,396	63,337
Total net sales	869,830	999,951	1,787,398	1,993,619
Cost of sales and operating expenses:				
Products	630,373	719,546	1,291,742	1,400,787
Services	166,719	202,101	341,067	388,043
Other	21,529	30,074	39,906	55,409
Total cost of sales and operating expenses	818,621	951,721	1,672,715	1,844,239
Gross income	51,209	48,230	114,683	149,380
Selling, general and administrative expenses	48,440	45,134	95,872	86,902
Operating income	2,769	3,096	18,811	62,478
Other income (expense):				
Interest expense	(3,243)	(3,011)	(7,099)	(5,837)
Interest income	4,818	4,154	8,144	8,426
Income from foreign affiliates	3,698	1,865	7,592	5,813
Foreign currency loss, net	3,128	2,358	(805)	625
Other investment income, net	5,885	6,936	7,379	8,456
Miscellaneous, net	3,080	(831)	6,194	1,095
Total other income (expense), net	17,366	11,471	21,405	18,578
Earnings before income taxes	20,135	14,567	40,216	81,056

Income tax benefit	6,425	6,606	2,490	10,170
Net earnings	$ 26,560	$ 21,173	$ 42,706	$ 91,226
Less: Net losses (earnings) attributable to noncontrolling interests	359	(210)	186	(236)
Net earnings attributable to Seaboard	$ 26,919	$ 20,963	$ 42,892	$ 90,990
Earnings per common share	$ 21.76	$ 16.85	$ 34.64	$ 73.14
Dividends declared per common share	$ 0.75	$ 0.75	$ 1.50	$ 1.50
Average number of shares outstanding	1,237,010	1,243,909	1,238,126	1,244,055

See accompanying notes to condensed consolidated financial statements.

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

	July 4, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 80,192	$ 60,594
Short-term investments	364,881	312,680
Receivables, net	307,576	360,677
Inventories	470,342	508,995
Deferred income taxes	13,808	14,195
Other current assets	166,761	114,713
Total current assets	1,403,560	1,371,854
Investments in and advances to foreign affiliates	72,946	68,091
Net property, plant and equipment	734,131	763,675
Goodwill	40,628	40,628
Intangible assets, net	21,481	22,285
Other assets	48,282	64,828
Total assets	$2,321,028	$2,331,361
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 73,536	$ 177,205
Current maturities of long-term debt	46,887	47,054
Accounts payable	150,497	122,869
Other current liabilities	275,099	244,963
Total current liabilities	546,019	592,091

Long-term debt, less current maturities	77,782	78,560
Deferred income taxes	64,359	81,205
Other liabilities	140,175	115,927
Total non-current and deferred liabilities	282,316	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	(120,617)	(111,703)
Retained earnings	1,607,488	1,569,818
Total Seaboard stockholders' equity	1,488,108	1,459,355
Noncontrolling interests	4,585	4,223
Total equity	1,492,693	1,463,578
Total liabilities and stockholders' equity	$2,321,028	$2,331,361

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	July 4, 2009	June 28, 2008
Cash flows from operating activities:		
Net earnings	$ 42,706	$ 91,226
Adjustments to reconcile net earnings to cash from operating activities:		
Depreciation and amortization	46,223	43,430
Income from foreign affiliates	(7,592)	(5,813)
Other investment income, net	(7,379)	(8,456)
Foreign currency exchange losses	1,789	1,389
Deferred income taxes	(12,932)	(10,526)
Loss (gain) from disposal of fixed assets	834	(251)
Changes in current assets and liabilities:		
Receivables, net of allowance	54,352	(16,102)
Inventories	31,038	(62,923)
Other current assets	(52,251)	(25,553)
Current liabilities, exclusive of debt	60,454	11,508
Other, net	11,223	7,329
Net cash from operating activities	168,465	25,258
Cash flows from investing activities:		
Purchase of short-term investments	(218,683)	(130,028)
Proceeds from the sale of short-term investments	154,101	137,131
Proceeds from the maturity of short-term investments	35,196	22,421
Investments in and advances to foreign		

affiliates, net	2,016	(458)
Capital expenditures	(28,456)	(77,275)
Proceeds from the disposal of fixed assets	1,769	1,809
Payment received for the potential sale of power barges	15,000	-
Other, net	(589)	(2,139)
Net cash from investing activities	(39,646)	(48,539)
Cash flows from financing activities:		
Notes payable to banks, net	(100,400)	38,502
Principal payments of long-term debt	(989)	(2,963)
Repurchase of common stock	(3,370)	(536)
Dividends paid	(1,855)	(1,866)
Other, net	159	996
Net cash from financing activities	(106,455)	34,133
Effect of exchange rate change on cash	(2,766)	422
Net change in cash and cash equivalents	19,598	11,274
Cash and cash equivalents at beginning of year	60,594	47,346
Cash and cash equivalents at end of period	$ 80,192	$ 58,620

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 from this customer that Seaboard had classified as long-term.

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 is currently evaluating the impact of this statement but does not anticipate this statement will have a material impact on Seaboard's financial position or net earnings.

Recently Adopted Accounting Standards

Seaboard adopted FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" as of January 1, 2009. This statement 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 statement did not have an impact on Seaboard's financial position or net earnings.

Seaboard adopted FAS No. 165, "Subsequent Events", for the second quarter ended July 4, 2009. This statement requires an entity to disclose the date through which subsequent events have been evaluated. Seaboard evaluated subsequent events through August 12, 2009, which is the date the financial statements were issued. This statement did not have an impact on Seaboard's financial position or net earnings.

Note 2- Investments

In April 2009, the FASB issued FASB Staff Position (FSP) FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments". This FSP amends the other-than-temporary guidance for debt securities to make the guidance more operational. This FSP also expands the disclosures required in FAS 115 "Accounting for Certain Investments in Debt and Equity Securities" to interim periods. Seaboard adopted this FSP in the second quarter of 2009. The adoption of this FSP 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 July 4, 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 July 4, 2009 and December 31, 2008, available-for-sale short-term investments included $13,500,000 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 July 4, 2009 and December 31, 2008, amortized cost and estimated fair market value were not materially different for these investments. As of July 4, 2009, the trading securities primarily consisted of high yield debt securities. Unrealized gains related to trading securities as of July 4, 2009 were $794,000 and $578,000 for the three and six months ended July 4, 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 July 4, 2009 and December 31, 2008.

	2009		2008	
(Thousands of dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Fixed rate municipal notes and bonds	$148,329	$152,054	$170,150	$173,096
Money market funds	110,925	110,925	79,059	79,059
U.S. Government agency securities	26,648	27,110	25,338	25,514
Foreign government debt securities	20,000	19,048	-	-
Variable rate demand notes	5,200	5,200	7,900	7,900
Other debt securities	24,330	24,674	16,231	15,340
Total available-for-sale short-term investments	335,432	339,011	298,678	300,909
High yield trading debt securities	23,511	24,070	-	-
Other trading debt securities	1,781	1,800	-	-
Domestic trading equity securities	-	-	9,008	11,771
Total available-for-sale and trading short-term investments	$360,724	$364,881	$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 July 4, 2009.

(Thousands of dollars)	2009
Due within one year	$ 68,613
Due after one year through three years	89,416
Due after three years	54,395
Total fixed rate securities	$ 212,424

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In addition to its short-term investments, as of July 4, 2009 and December 31, 2008, Seaboard also had long-term investments totaling $12,203,000 and $11,748,000, respectively, included in other assets on the Condensed Consolidated Balance Sheets. Included in this amount is a $5,910,000 investment for a less than 20% ownership interest in a company operating a 300 megawatt electricity generating facility in the Dominican Republic. This investment is accounted for using the cost method of accounting. 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 held related to the deferred compensation plans.

Note 3 - Inventories

The following is a summary of inventories at July 4, 2009 and December 31, 2008:

(Thousands of dollars)	July 4, 2009	December 31, 2008
At lower of LIFO cost or market:		
Live hogs and materials	$184,380	$201,654
Fresh pork and materials	21,835	26,480
	206,215	228,134
LIFO adjustment	(28,574)	(40,672)
Total inventories at lower of LIFO cost or market	177,641	187,462
At lower of FIFO cost or market:		
Grains and oilseeds	179,111	179,774
Sugar produced and in process	34,132	56,259
Other	37,358	36,964
Total inventories at lower of FIFO cost or market	250,601	272,997
Grain, flour and feed at lower of weighted average cost or market	42,100	48,536
Total inventories	$470,342	$508,995

As of July 4, 2009, Seaboard had $7,842,000 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 estimated, 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.

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 six months ended July 4, 2009.

Note 5 -Derivatives and Fair Value of Financial Instruments

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

FAS 157 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). FAS 157 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.

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 July 4, 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.

Quoted Prices

(Thousands of dollars)	Balance July 4, 2009	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	$152,054	$ -	$152,054	$ -
Money market funds	110,925	110,925	-	-
U.S. Government agency securities	27,110	-	27,110	-
Foreign government debt securities	19,048	-	19,048	-
Variable rate demand notes	5,200	-	5,200	-
Other debt securities	24,674	-	24,674	-
Trading securities - short-term investments:				
High yield debt securities	24,070	-	24,070	-
Other debt securities	1,800	-	1,800	-
Trading securities - other current assets:				
Domestic equity securities	10,726	10,726	-	-
Foreign equity securities	5,758	2,183	3,575	-
Fixed income mutual funds	2,391	2,391	-	-
U.S. Treasury securities	1,226	-	1,226	-
Money market funds	1,840	1,840	-	-
U.S. Government agency securities	2,710	-	2,710	-
Other	116	91	25	-
Derivatives	18,137	17,676	461	-
Total Assets	$407,785	$145,832	$261,953	$ -
Total Liabilities - Derivatives	$ 15,583	$ 8,631	$ 6,952	$ -

In April 2009, the FASB issued FASB Staff Position (FSP) 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 FSP 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 FSP in the second quarter of 2009. The adoption of this FSP did not have an impact on Seaboard's financial position or net earnings.

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In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments". This FSP expands the fair value disclosures required for all financial instruments within the scope of FAS 107 to interim periods. Seaboard adopted this FSP in the second quarter of 2009. The adoption of this FSP 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 maturities. The amortized cost and estimated fair values of investments and long-term debt at July 4, 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	$335,432	$339,011	$298,678	$300,909
Short-term investments, trading debt securities	25,292	25,870	-	-
Short-term investments, trading equity securities	-	-	9,008	11,771
Long-term debt	124,669	129,806	125,614	131,822

In March 2008, the FASB issued FAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133." This statement 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 Statement 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, net earnings, and cash flows. Seaboard adopted this statement as of January 1, 2009. This statement 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 July 4, 2009, Seaboard had open net derivative contracts to sell 10,976,000 bushels of grain, 55,000 tons of soybean meal and 1,554,000 gallons of heating oil. 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 year.

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 Yen foreign exchange agreement. The change in value of the 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 year.

At July 4, 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 $153,940,000 primarily related to the South African Rand and the Euro. At July 4, 2009, Seaboard had trading foreign exchange contracts to cover various foreign currency working capital needs related to the South African Rand for notional amounts of $6,646,000. At July 4, 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.

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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 July 4, 2009, Seaboard had 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 $6,080,000 as of July 4, 2009. Seaboard's foreign currency exchange agreements have a maximum amount of loss due to credit risk in the amount of $460,000 with several counterparties. Seaboard's forward freight agreements have a maximum amount of loss in the amount of $5,620,000 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 six months ended July 4, 2009.

(Thousands of dollars)

July 4, 2009	Location of Gain or (Loss) Recognized in Income on Derivative	Three Months Ended Amount of Gain or (Loss) Recognized in Income on Derivative	Six Months Ended Amount of Gain or (Los Recognized in Income o Derivative
Commodities	Cost of sales	$ 2,479	$ 6,120
Foreign currencies	Cost of sales	(15,010)	(13,182)
Foreign currencies	Foreign currency	2,166	(3,566)
Forward freight agreements	Cost of sales	-	-
Interest rate	Miscellaneous, net	2,833	5,312

The following table provides the fair value of each type of derivative held as of July 4, 2009 and where each derivative is included on the Condensed Consolidated Balance Sheets.

(Thousands of dollars)	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodities	Other current assets	$12,057	Other current liabilities	$ 4,137
Foreign currencies	Other current assets	460	Other current liabilities	6,952
Forward freight agreements	Other current assets	5,620	Other current liabilities	4,494

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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.

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

(Thousands of dollars)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Components of net periodic benefit cost:				
Service cost	$ 1,525	$ 1,242	$ 3,011	$ 2,637
Interest cost	2,057	1,810	4,081	3,770
Expected return on plan assets	(1,322)	(1,432)	(2,382)	(3,113)
Amortization and other	1,289	418	2,495	787
Net periodic benefit cost	$ 3,549	$ 2,038	$ 7,205	$ 4,081

The accumulated unrecognized losses for 2008 in the Plan as of December 31, 2008 exceeded the 10% deferral threshold as permitted under FAS No. 87, "Employers' Accounting for Pensions" 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 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 statement effective for the fiscal year ending December 31, 2009. This FSP 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 FSP will not have a material impact on Seaboard's financial position or net earnings.

Note 7 - Commitments and Contingencies

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 July 4, 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 July 4, 2009, Seaboard had outstanding letters of credit ("LCs") with various banks which reduced its borrowing capacity under its committed and uncommitted credit facilities by $54,678,000 and $4,150,000, respectively. Included in these amounts are LCs totaling $39,385,000, which support the Industrial Development Revenue Bonds included as long-term debt and $15,208,000 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 July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Net earnings	$26,560	$21,173	$ 42,706	$91,226
Other comprehensive income net of applicable taxes:				
Foreign currency translation adjustment	(4,558)	896	(10,424)	1,326
Unrealized gain on investments, net	(1,132)	(692)	(211)	(393)
Unrecognized pension cost	885	(136)	1,721	91
Total comprehensive income	$21,755	$21,241	$ 33,792	$92,250

The components of and changes in accumulated other comprehensive loss for the six months ended July 4, 2009 are as follows:

(Thousands of dollars)	Balance December 31, 2008	Period Change	Balance July 4, 2009
Foreign currency translation adjustment	$ (68,211)	$(10,424)	$ (78,635)
Unrealized gain on investments, net	1,781	(211)	1,570
Unrecognized pension cost	(45,273)	1,721	(43,552)
Accumulated other comprehensive loss	$(111,703)	$ (8,914)	$(120,617)

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 July 4, 2009, the Sugar segment had $144,616,000 in net assets denominated in Argentine pesos, $18,372,000 in net assets denominated in U.S. dollars and $53,489,000 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 $15,222,000 related to employees at certain subsidiaries and the unrealized gain on investments, net includes an unrealized loss of $952,000 on foreign government debt securities of the Dominican Republic 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 at July 4, 2009. For the six months ended July 4, 2009, Seaboard repurchased 3,668 shares of common stock at a cost of $3,370,000. Shares repurchased are retired and resume the status of authorized and unissued shares.

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 July 4, 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.

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

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2009. 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 July 4, 2009 was $44,343,000.

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 $3,439,000 as of July 4, 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 July 4, 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 $22,034,000 as of July 4, 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 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:

(Thousands of dollars)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Pork	$270,218	$288,329	$ 532,975	$ 527,244
Commodity Trading and Milling	360,135	407,573	741,012	887,464
Marine	175,738	229,714	382,685	440,654
Sugar	35,197	36,044	77,204	67,082
All Other	28,542	38,291	53,522	71,175
Segment/Consolidated Totals	$869,830	$999,951	$1,787,398	$1,993,619

Operating Income (Loss):

(Thousands of dollars)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Pork	$ 3,952	$(26,399)	$ (13,125)	$ (31,241)
Commodity Trading and Milling	5,350	13,112	18,451	62,184
Marine	(2,308)	13,611	17,431	24,491
Sugar	(1,141)	2,726	1,157	5,899
All Other	1,919	3,608	3,544	6,125
Segment Totals	7,772	6,658	27,458	67,458
Corporate Items	(5,003)	(3,562)	(8,647)	(4,980)
Consolidated Totals	$ 2,769	$ 3,096	$ 18,811	$ 62,478

Income from Foreign Affiliates:

(Thousands of dollars)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Commodity Trading and Milling	$ 3,505	$ 1,728	$ 7,208	$ 5,664
Sugar	193	137	384	149
Segment/Consolidated Totals	$ 3,698	$ 1,865	$ 7,592	$ 5,813

Total Assets:

(Thousands of dollars)	July 4, 2009	December 31, 2008
Pork	$ 768,822	$ 800,062
Commodity Trading and Milling	552,515	543,303
Marine	238,873	267,268
Sugar	180,414	225,716
All Other	91,072	81,222
Segment Totals	1,831,696	1,917,571
Corporate Items	489,332	413,790
Consolidated Totals	$2,321,028	$2,331,361

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Investments in and Advances to Foreign Affiliates:

(Thousands of dollars)	July 4, 2009	December 31, 2008
Commodity Trading and Milling	$ 71,215	$ 66,578

Sugar	1,731	1,513
Segment/Consolidated Totals	$ 72,946	$ 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

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 expects to receive approximately $16,790,000 million, net of expenses, in the third quarter of 2009.

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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 July 4, 2009 increased $71.8 million to $445.1 million from December 31, 2008. The increase was the result of cash generated by operating activities of $168.5 million 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 $100.4 million, to spend $28.5 million on capital expenditures and to repurchase common stock for $3.4 million. Cash from operating activities increased $143.2 million for the six months ended July 4, 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 six months ended July 4, 2009 compared to the same period in 2008.

Acquisitions, Capital Expenditures and Other Investing Activities

During the six months ended July 4, 2009, Seaboard invested $28.5 million in property, plant and equipment, of which $9.7 million was expended in the Pork segment, $9.5 million in the Marine segment, and $7.8 million in the Sugar segment. The Pork segment expenditures were primarily for the ham-boning and processing plant in Mexico, upgrades to the Guymon pork processing plant and improvements to existing hog facilities. 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 $42.1 million. The Pork segment plans to spend $8.7 million for upgrades to the Guymon pork processing plant, improvements to existing hog facilities and additional facility upgrades and related equipment. The Marine segment has budgeted $11.1 million primarily for the purchase of additional cargo carrying and handling equipment, and the expansion of existing port facilities. 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 $17.8 million consisting of $11.6 million for the development of a 40 megawatt cogeneration plant, with the remaining amount primarily for the expansion of cane growing operations and harvesting equipment. 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 $4.5 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 July 4, 2009, Seaboard had committed lines of credit totaling $300.0 million and uncommitted lines totaling $135.7 million. As of July 4, 2009, there were no borrowings outstanding under the committed lines of credit and borrowings under the uncommitted lines of credit totaled $20.0 million. Outstanding standby letters of credit reduced Seaboard's borrowing capacity under its committed and uncommitted credit lines by $54.7 million and $4.2 million, respectively, primarily representing $39.4 million for Seaboard's outstanding Industrial Development Revenue Bonds and $15.2 million related to insurance coverage. Also included in notes payable as of July 4, 2009 was a term note of $53.5 million denominated in Japanese Yen.

Seaboard's remaining 2009 scheduled long-term debt maturities total $46.1 million. Although the current global liquidity crisis and 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 July 4, 2009, has cash and short-term investments of $445.1 million with total net

working capital of $857.5 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.

On August 7, 2007, the Board of Directors authorized Seaboard to repurchase from time to time prior to August 31, 2009 up to $50.0 million market value of its common stock in open market or privately negotiated purchases, of which $11.1 million remained available at July 4, 2009. For the six months ended July 4, 2009, Seaboard used cash to repurchase 3,668 shares of common stock at a total price of $3.4 million. It is anticipated that any future stock repurchases will be funded by cash on hand or short-term investments. Shares repurchased are retired and resume status of authorized and unissued shares. 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 modified or suspended at any time at Seaboard's discretion.

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 six month periods of 2009 decreased by $130.1 million and $206.2 million, respectively, over the same periods in 2008, primarily reflecting price decreases for commodities sold by the commodity trading business and lower cargo volumes for the Marine segment. Partially offsetting the decreases were increased commodities trading volumes to affiliates.

Operating income decreased by $0.3 million and $43.7 million for the three and six month periods of 2009, respectively, compared to of the same periods in 2008. The decrease for the six month period is primarily the result of lower commodity trading margins, lower Marine segment margins and a $6.9 million fluctuation of marking to market Commodity Trading and Milling derivative contracts, as discussed below. The six month decrease was partially offset by higher margins on pork products sold primarily from lower feed costs.

Pork Segment

(Dollars in millions)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Net sales	$ 270.2	$ 288.3	$ 533.0	$ 527.2
Operating income (loss)	$ 4.0	$ (26.4)	$ (13.1)	$ (31.2)

Net sales for the Pork segment decreased $18.1 million and increased $5.8 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008. The decrease for the quarter primarily represents a decrease in sale prices for pork products, partially offset by higher volumes of pork products sold. The increases for the six months is primarily the result of higher volumes of pork products sold, primarily export sales, partially offset by lower sale prices for pork products. The 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 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 increased $30.4 million and $18.1 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008. The increases primarily related to lower feed costs and the impact of using the LIFO method for determining certain inventory costs and, to a lesser extent, lower costs of third party hogs. For the three and six months ended July 4, 2009, LIFO increased operating income by $7.0 million and $12.1 million, respectively, compared to decreases of $22.5 million and

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$29.7 million for the same periods in 2008, respectively, primarily as a result of lower costs to purchase corn and soybean meal during 2009. Partially offsetting the increases in operating income were lower sale prices for pork products noted above.

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 and flu-related concerns seem to have diminished, the lingering impact from these market disruptions could continue to have a negative impact on sales prices. As a result, management is unable to predict whether this segment will be profitable during the second half 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

	Three Months Ended		Six Months Ended	
(Dollars in millions)	July 4, 2009	June 28, 2008	July 4, 2009	June 28, 2008
Net sales	$360.1	$407.6	$741.0	$887.5

Operating income	$ 5.4	$ 13.1	$ 18.5	$ 62.2
Income from foreign affiliates	$ 3.5	$ 1.7	$ 7.2	$ 5.7

Net sales for the Commodity Trading and Milling segment decreased $47.5 million and $146.5 million for the three and six 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 affiliates.

Operating income for this segment decreased $7.7 million and $43.7 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008. The decreases primarily reflect 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. Also, the decreases reflect 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. In addition, for the six month period the decrease also reflects the $6.9 million fluctuation of marking to market the derivative contracts as discussed below and 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.

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 $1.9 million for the three month period and lower by $1.7 million for the six month period of 2009, respectively, while operating income would have been higher by $8.5 million and lower by $8.6 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.

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Income from foreign affiliates for the three and six month periods of 2009 increased by $1.8 million and $1.5 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 July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June28, 2008
Net sales	$175.7	$229.7	$382.7	$440.7
Operating income (loss)	$ (2.3)	$ 13.6	$ 17.4	$ 24.5

Net sales for the Marine segment decreased $54.0 million and $58.0 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008 primarily reflecting lower cargo volumes as a result of economic declines in most markets served by Seaboard. For the quarter, cargo rates were down in most markets while for the six month period cargo rates were slightly higher compared to the same periods in 2008.

Operating income for the Marine segment decreased $15.9 million and $7.1 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008. The decreases were primarily the result of lower volumes, as discussed above, not being offset by comparable decreases in certain costs such as charter hire and owned-vessel operating costs, port costs and stevedoring. Partially offsetting the decreases were lower fuel costs for vessels and trucking expenses on a per unit shipped basis. Also, impacting the quarter were lower cargo rates. In addition, operating income for 2008 was decreased by an accounting error totaling $7.2 million and $6.3 million for the three and six month periods, respectively, 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 during the second half of 2009.

Sugar Segment

(Dollars in millions)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June 28, 2008
Net sales	$ 35.2	$ 36.0	$ 77.2	$ 67.1
Operating income (loss)	$ (1.1)	$ 2.7	$ 1.2	$ 5.9
Income from foreign affiliates	$ 0.2	$ 0.1	$ 0.4	$ 0.1

Net sales for the Sugar segment decreased $0.8 million and increased $10.1 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008. The decrease for the quarter primarily reflects less sugar purchased from third parties for resale and lower domestic sugar prices partially offset by higher volumes of alcohol sales. The increase for the six month period primarily reflects an increase in volumes for export sales and, to a lesser extent, higher volumes of alcohol sales partially offset by less sugar purchased from third parties for resale. Argentine governmental authorities continue to attempt to control inflation by limiting the price of basic commodities, including sugar. Accordingly, management cannot predict sugar prices.

Operating income decreased $3.8 million and $4.7 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008. The decreases primarily represent a $2.5 million and $5.3 million charge to earnings for the three and six month periods 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 decreases also reflect higher selling and administrative personnel costs. For the six month period, the decrease was partially offset by higher income from sugar export sales as discussed above. Management is unable to predict whether this segment will be profitable during the second half of 2009.

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All Other

(Dollars in millions)	Three Months Ended July 4, 2009	Three Months Ended June 28, 2008	Six Months Ended July 4, 2009	Six Months Ended June28, 2008
Net sales	$ 28.5	$38.3	$ 53.5	$ 71.2
Operating income	$ 1.9	$ 3.6	$ 3.5	$ 6.1

Net sales and operating income primarily represents results from the Dominican Republic Power division. Net sales decreased $9.8 million and $17.7 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008 primarily reflecting lower rates. The lower rates were attributable primarily to lower fuel costs, a component of pricing. Operating income decreased $1.7 million and $2.6 million for the three and six month periods of 2009, respectively, compared to the same periods in 2008 primarily as a result of rates decreasing more than fuel costs decreased. 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 $3.3 million and $9.0 million for the three and six month periods of 2009 compared to the same periods in 2008. The increases are primarily due to increased personnel costs. As a percentage of revenues, SG&A increased to 5.6% and 5.4% for the 2009 three and six month periods, respectively compared to 4.5% and 4.4% for the same periods in 2008 primarily as a result of decreased sales in the Commodity Trading and Milling segment.

Miscellaneous, Net

The increase in miscellaneous, net income for the three and six month periods of 2009 compared to the same periods in 2008 primarily reflect gains of $2.8 million and $5.3 million on interest rate exchange agreements for the three and six month periods of 2009.

Income Tax Expense

The effective tax benefit rate for the six month period decreased in 2009 compared to 2008 based on a lower projected domestic taxable

loss for 2009 compared to 2008. The higher benefit for the three month period of 2009 compared to the six month period of 2009 resulted from changing projected domestic income to a projected domestic loss during the second quarter of 2009.

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.

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 is currently evaluating the impact of this statement but does not anticipate this statement will 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.

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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 July 4, 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 July 4, 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table contains information regarding Seaboard's purchase of its common stock during the quarter.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 5 to April 30, 2009	-	n/a	n/a	$11,561,979
May 1 to May 31, 2009	435	$995.41	435	$11,128,976
June 1 to July 4, 2009	-	n/a	n/a	$11,128,976
Total	435	$995.41	435	$11,128,976

All purchases during the quarter were made under the authorization from our Board of Directors to purchase up to $50.0 million of Seaboard common stock announced on August 8, 2007. An expiration date of August 31, 2009 has been specified for this authorization. All purchases were made through open-market purchases and all the repurchased shares have been retired.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders, held on April 27, 2009, included three items submitted to a vote of stockholders. Item 4 of the Form 10-Q for the first quarter ended April 4, 2009, which was filed on May 8, 2009, discloses the results of the shareholder's vote, which disclosure is incorporated herein by reference.

Item 5. Other Information

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 expects to receive approximately $16,790,000 million, net of expenses, in the third quarter of 2009.

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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.

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: August 12, 2009

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

Date: August 12, 2009