SEABOARD CORP /DE/
Form 10-Q
November 03, 2008

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 September 27, 2008

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 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. (Check one):

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 1,241,519 shares of common stock, $1.00 par value per share, outstanding on October 20, 2008.

Total pages in filing - 21 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	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Net sales:				
Products	$ 826,826	$ 562,312	$2,303,849	$1,582,908
Services	266,545	212,807	719,804	622,578
Other	38,320	26,209	101,657	67,209
Total net sales	1,131,691	801,328	3,125,310	2,272,695
Cost of sales and operating expenses:				
Products	785,162	513,610	2,185,949	1,454,042
Services	233,613	172,883	621,656	490,779
Other	36,322	22,503	91,731	59,062
Total cost of sales and operating expenses	1,055,097	708,996	2,899,336	2,003,883
Gross income	76,594	92,332	225,974	268,812
Selling, general and administrative expenses	44,880	42,731	131,782	127,931
Operating income	31,714	49,601	94,192	140,881
Other income (expense):				
Interest expense	(3,888)	(2,924)	(9,725)	(9,847)
Interest income	2,508	4,821	10,934	14,864
Income from foreign affiliates	4,819	284	10,632	1,558
Minority and other noncontrolling interests	(183)	(29)	(419)	90
Foreign currency loss, net	(2,131)	(1,183)	(1,506)	(2,614)
Other investment income (loss), net	(1,168)	835	7,288	2,607
Miscellaneous, net	1,132	225	2,227	4,621
Total other income (expense), net	1,089	2,029	19,431	11,279
Earnings before income taxes	32,803	51,630	113,623	152,160
Income tax benefit (expense)	102	942	10,272	(7,576)
Net earnings	$ 32,905	$ 52,572	$ 123,895	$ 144,584

Earnings per common share	$ 26.47	$ 41.75	$ 99.62	$ 114.69
Dividends declared per common share	$ 0.75	$ 0.75	$ 2.25	$ 2.25
Average number of shares outstanding	1,243,015	1,259,091	1,243,706	1,260,605

See accompanying notes to condensed consolidated financial statements.

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

	September 27, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 58,372	$ 47,346
Short-term investments	242,234	286,660
Receivables, net	417,968	359,313
Inventories	649,543	392,946
Deferred income taxes	21,345	19,558
Other current assets	124,823	77,710
Total current assets	1,514,285	1,183,533
Investments in and advances to foreign affiliates	71,851	60,706
Net property, plant and equipment	765,632	730,395
Goodwill	40,628	40,628
Intangible assets, net	29,688	30,895
Other assets	59,484	47,542
Total assets	$2,481,568	$2,093,699
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 230,661	$ 85,088
Current maturities of long-term debt	54,637	11,912
Accounts payable	187,940	135,398
Other current liabilities	268,221	190,530
Total current liabilities	741,459	422,928
Long-term debt, less current maturities	79,001	125,532
Deferred income taxes	91,139	105,697
Other liabilities	91,453	84,343
Total non-current and deferred liabilities	261,593	315,572
Minority and other noncontrolling interests	2,721	971
Stockholders' equity:		
Common stock of $1 par value, Authorized 4,000,000 shares; issued and outstanding 1,241,519 and 1,244,278 shares	1,242	1,244
Accumulated other comprehensive loss	(74,194)	(78,651)
Retained earnings	1,548,747	1,431,635
Total stockholders' equity	1,475,795	1,354,228

Total liabilities and stockholders' equity	$2,481,568	$2,093,699

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	
	September 27, 2008	September 29, 2007
Cash flows from operating activities:		
Net earnings	$ 123,895	$ 144,584
Adjustments to reconcile net earnings to cash from operating activities:		
Depreciation and amortization	67,181	58,879
Income from foreign affiliates	(10,632)	(1,558)
Other investment income, net	(7,288)	(2,607)
Foreign currency exchange losses	3,133	-
Minority and other noncontrolling interest	419	(90)
Deferred income taxes	(18,826)	(9,193)
Gain from sale of fixed assets	(805)	(1,040)
Changes in current assets and liabilities:		
Receivables, net of allowance	(51,674)	(9,166)
Inventories	(254,673)	(105,427)
Other current assets	(48,284)	(18,974)
Current liabilities, exclusive of debt	129,739	54,650
Other, net	1,285	2,602
Net cash from operating activities	(66,530)	112,660
Cash flows from investing activities:		
Purchase of short-term investments	(179,312)	(1,605,907)
Proceeds from the sale of short-term investments	184,298	1,739,006
Proceeds from the maturity of short-term investments	38,241	22,841
Investments in and advances to foreign affiliates, net	590	(7,904)
Capital expenditures	(102,864)	(124,123)
Repurchase of minority interest in a controlled subsidiary	-	(61,260)
Proceeds from the sale of fixed assets	2,909	2,220
Other, net	568	(2,348)
Net cash from investing activities	(55,570)	(37,475)
Cash flows from financing activities:		
Notes payable to banks, net	141,904	15,509
Principal payments of long-term debt	(4,056)	(54,156)
Repurchase of common stock	(3,988)	(17,841)
Dividends paid	(2,797)	(2,832)
Other, net	1,325	(109)
Net cash from financing activities	132,388	(59,429)
Effect of exchange rate change on cash	738	747
Net change in cash and cash equivalents	11,026	16,503
Cash and cash equivalents at beginning of year	47,346	31,369

Cash and cash equivalents at end of period	$ 58,372	$ 47,872

See accompanying notes to condensed consolidated financial statements.

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, 2007 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.

During the second quarter of 2008, an accounting error at the Marine segment was discovered in previously issued financial statements. The error arose in the Marine segment's consolidation and intercompany elimination process of its foreign outport operations. The error, if properly recorded, would have decreased sales and net earnings in 2006 by $2,101,000, decreased sales and net earnings in 2007 by $4,171,000 and decreased sales and net earnings in the first quarter of 2008 by $964,000. As the effect on prior periods was not considered material, an adjustment to decrease sales and net earnings by $7,236,000 was recorded in the second quarter of 2008.

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.

New Accounting Standards

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141(R) (SFAS 141R), "Business Combinations." This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any noncontrolling interest at their fair values as of the acquisition date. This statement also requires that acquisition-related costs of the acquirer be recognized separately from the business combination and will generally be expensed as incurred. Seaboard will be required to adopt this statement as of January 1, 2009. The impact of adopting SFAS 141R will be applicable to any future business combinations for which the acquisition date is on or after January 1, 2009.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160 (SFAS 160), "Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51." This statement will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. Seaboard will be required to adopt this statement as of January 1, 2009. Management believes the adoption of SFAS 160 will not have a material impact on Seaboard's financial position or net earnings.

In February 2008, the FASB issued FASB Staff Position 157-2 which defers the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Seaboard will be required to adopt SFAS 157 for these nonfinancial assets and nonfinancial liabilities as of January 1, 2009. Management believes the adoption of SFAS 157 deferral provisions will not have a material impact on Seaboard's financial position or net earnings.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 (SFAS 161), "Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133." This statement will change 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

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instruments and related hedged items affect an entity's financial position, net earnings, and cash flows. Seaboard will be required to adopt this statement as of January 1, 2009. Management believes the adoption of SFAS 161 will not have a material impact on Seaboard's financial position or net earnings.

Note 2 - Repurchase of Minority Interest

On December 27, 2006, Seaboard entered into a Purchase Agreement to repurchase the 4.74% equity interest in Seaboard Foods LP from the former owners of Daily's effective January 1, 2007. As part of the Purchase Agreement, on January 2, 2007 Seaboard paid $30,000,000 of the purchase price for the 4.74% equity interest to the former owners of Daily's. Based on the formula of operating results and certain net cash flows through June 30, 2007, the final purchase price was determined to be $61,260,000, including transaction costs of $53,000. Seaboard paid the balance of the purchase price owed to the former owners of Daily's of $31,207,000 in August 2007.

Note 3 - Inventories

The following is a summary of inventories at September 27, 2008 and December 31, 2007:

(Thousands of dollars)	September 27, 2008	December 31, 2007
At lower of LIFO cost or market:		
Live hogs and materials	$217,149	$181,019
Fresh pork and materials	25,451	18,550
	242,600	199,569
LIFO adjustment	(61,008)	(23,509)
Total inventories at lower of LIFO cost or market	181,592	176,060
At lower of FIFO cost or market:		
Grains and oilseeds	314,386	100,082
Sugar produced and in process	44,024	35,180
Other	55,834	33,782
Total inventories at lower of FIFO cost or market	414,244	169,044
Grain, flour and feed at lower of weighted average cost or market	53,707	47,842
Total inventories	$649,543	$392,946

As of September 27, 2008, Seaboard had approximately $50,000,000 recorded as grain inventories that are committed to various customers in foreign countries for which customer contract performance is a heightened concern. The current market price of this inventory in these foreign countries is presently higher than cost. However, if these customers ultimately do not perform and Seaboard is forced to find other customers for a portion of this inventory, it is possible that Seaboard could incur a material write-down in value of this inventory if Seaboard is not successful in selling at current costs, including any additional transportation costs.

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, 2007. Interest related to unrecognized tax benefits and penalties were not material for the nine months ended September 27, 2008.

The lower tax benefit for the three month period of 2008 resulted from a lowering of the 2008 annual benefit during the third quarter, which occurred in response to the decrease in the 2008 projected domestic taxable loss from the loss projected in the prior quarter. During the third quarter of 2007, Seaboard revised its effective annual tax rate as a result of changes in the estimated percentage mix of foreign income and domestic income and a change in valuation allowances, resulting in a net benefit for the quarter.

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Note 5 -Derivatives and Fair Value of Financial Instruments

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (SFAS 157), "Fair Value Measurements". This statement established a single authoritative definition of fair value when accounting rules require the use of fair value, set out a framework for measuring fair value, and required additional disclosures about fair-value measurements. SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Seaboard adopted SFAS 157 on January 1, 2008 with the exception of nonfinancial assets and nonfinancial liabilities that were deferred by FASB Staff Position 157-2 as discussed in Note 1 to the Condensed Consolidated Financial Statements. As of September 27, 2008, Seaboard has not applied SFAS 157 to goodwill and intangible assets in accordance with FASB Staff Position 157-2.

SFAS 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). SFAS 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 September 27, 2008 and also the level within the fair value hierarchy used to measure each category of assets.

(Thousands of dollars)	Balance September 27, 2008	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	$242,234	$ 23,348	$218,886	$ -
Deferred compensation plans	27,627	19,187	8,440	-
Derivatives	33,010	28,916	4,094	-
Total Assets	$302,871	$ 71,451	$231,420	$ -
Total Liabilities-Derivatives	$ 18,491	$ 17,369	$ 1,122	$ -

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 (SFAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities." This statement provided companies with an option to report selected financial assets and liabilities at fair value. This statement was effective for Seaboard as of January 1, 2008; however Seaboard did not elect the option to report any of the selected financial assets and liabilities at fair value.

Seaboard uses various grain, meal, hog and pork bellies futures and options to manage its exposure to price fluctuations for raw materials and other inventories, finished product sales and firm sales commitments. However, due to the extensive record-keeping required to designate the commodity derivative transactions as hedges for accounting purposes, Seaboard marks to market its commodity futures and options primarily as a component of cost of sales. Management continues to believe its commodity futures and options are primarily economic hedges although they do not qualify as hedges for accounting purposes. 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 quarter or year. From time to time, Seaboard may also enter into speculative derivative transactions not directly related to

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its raw material requirements. The nature of Seaboard's market risk exposure related to these items has not changed materially since December 31, 2007. However, during July 2008 the Pork segment significantly increased the number of hog, grain and oilseed futures contracts entered into based on market conditions. These increased positions could increase volatility of reported financial results due to mark to market accounting.

The size and mix of Seaboard's commodity future and option contracts varies from time to time based upon an analysis of fundamental market information. The following table provides the fair value of Seaboard's net open commodity future and option derivatives for all divisions as of September 27, 2008, and December 31, 2007.

(Thousands of dollars)	September 27, 2008	December 31, 2007
Grains and oilseeds	$ (34,429)	$ 2,832
Hogs and pork bellies	49,667	(994)

Note 6 - Employee Benefits

Seaboard maintains a defined benefit pension plan ("the Plan") for its domestic salaried and clerical employees. As a result of its liquidity and tax positions, in April 2007 Seaboard made a deductible contribution in the amount of $10,000,000 for the 2006 plan year. At this time management does not plan on making any additional contributions in 2008 for the 2007 or 2008 plan year. Seaboard also sponsors non-qualified, unfunded supplemental executive plans, and unfunded supplemental retirement agreements with certain executive employees. Management is considering funding alternatives, but currently has no plans to provide funding for these supplemental plans in advance of when the benefits are paid.

The late Mr. H. H. Bresky retired as President and CEO of Seaboard effective July 6, 2006. As a result of Mr. Bresky's retirement, he was entitled to a lump sum payment of $8,709,000 from Seaboard's Executive Retirement Plan. Under IRS regulations, there is a six month delay of benefit payments for key employees and thus Mr. Bresky was not paid his lump sum until February 2007. This lump sum payment exceeded the Company's service and interest cost components under this plan and thus required Seaboard to recognize a portion of its actuarial losses. However, Seaboard was not relieved of its obligation until the settlement was paid in 2007. Accordingly, the settlement loss of $3,671,000 was not recognized until February 2007 in accordance with Statement of Financial Accounting Standards No. 88, "Employers Accounting for Settlements and Curtailments of Defined Benefit Pension for Termination Benefits."

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

(Thousands of dollars)	Three Months Ended September 27, 2008	Three Months Ended September 29, 2007	Nine Months Ended September 27, 2008	Nine Months Ended September 29, 2007
Components of net periodic benefit cost:				
Service cost	$ 1,376	$ 1,216	$ 4,013	$ 3,671
Interest cost	1,983	1,410	5,753	4,264
Expected return on plan assets	(1,697)	(1,363)	(4,810)	(4,137)
Amortization and other	390	498	1,177	1,501
Settlement loss	-	-	-	3,671
Net periodic benefit cost	$ 2,052	$ 1,761	$ 6,133	$ 8,970

Note 7 - Commitments and Contingencies

During the fourth quarter of 2005, Seaboard's subsidiary, Seaboard Marine, received a notice of violation letter from U.S. Customs and Border Protection demanding payment of a significant penalty for an alleged failure to manifest narcotics in connection with Seaboard Marine's shipping operations, in violation of a federal statute and regulation. In response to Seaboard Marine's petition for relief, the amount of the penalty has been reduced to an amount which will not have a material adverse effect on the consolidated financial statements of Seaboard. Seaboard has appealed the reduced penalty to seek a further reduction in the penalty.

Seaboard is subject to various other 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.

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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 September 27, 2008, 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 September 27, 2008, Seaboard had outstanding letters of credit ("LCs") with various banks which reduced its borrowing capacity under its committed credit facilities by $57,916,000. Included in these amounts are LCs totaling $42,688,000, which support the Industrial Development Revenue Bonds included as long-term debt and $13,708,000 of LCs related to insurance coverages.

Commitments

On May 30, 2008, Seaboard Marine Ltd. ("Seaboard Marine"), entered into an Amended and Restated Terminal Agreement with Miami-Dade County ("County") for Marine Terminal Operations ("Amended Terminal Agreement"), pursuant to which Seaboard Marine renewed its existing Terminal Agreement with the County at the Port of Miami. The Amended Terminal Agreement will enable Seaboard Marine to continue its existing operations at the Port of Miami. The Amended Terminal Agreement has a term through September 30, 2028, with two five-year renewal options, the exercise of which are subject to certain conditions. The total minimum payments over the initial term of the Amended Terminal Agreement approximate $283,000,000. This minimum amount could increase if certain conditions are met. In addition, the Amended Terminal Agreement requires Seaboard Marine to fund approximately $5,000,000 in terminal upgrades subject to certain conditions. The Amended Terminal Agreement also requires the County to make certain improvements to Seaboard Marine's container yard and adjacent berths at the Port of Miami.

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 September 27, 2008	Three Months Ended September 29, 2007	Nine Months Ended September 27, 2008	Nine Months Ended September 29, 2007
Net earnings	$32,905	$52,572	$123,895	$144,584
Other comprehensive income net of applicable taxes:				
Foreign currency translation adjustment	3,646	(1,316)	4,972	(1,056)
Unrealized gains (losses) on investments	(452)	488	(845)	(223)
Unrecognized pension cost	239	361	330	3,321
Amortization of deferred gain on interest rate swaps	-	(39)	-	(125)
Total comprehensive income	$36,338	$52,066	$128,352	$146,501

The components of and changes in accumulated other comprehensive loss for the nine months ended September 27, 2008 are as follows:

(Thousands of dollars)	Balance December 31, 2007	Period Change	Balance September 27, 2008
Foreign currency translation adjustment	$(58,719)	$4,972	$(53,747)
Unrealized gain on investments	1,149	(845)	304
Unrecognized pension cost	(21,081)	330	(20,751)
Accumulated other comprehensive loss	$(78,651)	$4,457	$(74,194)

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The foreign currency translation adjustment primarily represents the effect of the Argentine peso currency exchange fluctuation on the net assets of the Sugar and Citrus segment. At September 27, 2008, the Sugar and Citrus segment had $175,369,000 in net assets denominated in Argentine pesos, $15,919,000 in net assets denominated in U.S. dollars and $61,298,000 of liabilities denominated in Japanese Yen in Argentina.

With the exception of the foreign currency translation loss 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 $6,485,000 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 $15,523,000 remained available at September 27, 2008. For the nine months ended September 27, 2008, Seaboard repurchased 2,759 shares of common stock at a cost of $3,988,000. Shares repurchased are retired and resume status of authorized and unissued shares.

Note 9 - Segment Information

The Pork segment has $28,372,000 of goodwill and $24,000,000 of other intangible assets not subject to amortization in connection with its acquisition of Daily's in 2005. Previously, the fair value of these intangible assets was partially based on certain scenarios that included management's ability and intention to grow and expand Daily's through construction or acquisition of additional capacity. During the second quarter of 2008 management decided to indefinitely delay any such future plans for expanding Daily's capacity. As of June 28, 2008, Seaboard conducted its annual evaluation for impairment of this goodwill and other intangible assets and, based on current market conditions indicating projected future sale price increases and related levels of estimated operating margins, determined there is no impairment. However, if market conditions do not produce projected future sale price increases or additional processed meats sales volumes, and related levels of estimated operating margins, there is a possibility that some amount of either this goodwill or other intangible assets not subject to amortization, or both, could be deemed impaired during some future period including fiscal 2008, which may result in a charge to earnings.

In previously filed reports, Seaboard had separately reported its Power division as a reportable segment. This division does not meet the technical requirements for reporting as a separate segment and is not expected to in the future. Accordingly, the Power division is now reported as a part of "All Other" and prior periods have been appropriately reclassified.

Seaboard has an investment in a Bulgarian wine business (the Business). Beginning in March 2007, this business had been unable to make its scheduled loan payments and had been in technical default on its bank debt. During the fourth quarter of 2007, Seaboard signed an agreement to allow a bank to take majority ownership of the Business resulting in a loss of significant influence by Seaboard. Accordingly, in the fourth quarter of 2007 Seaboard discontinued using the equity method of accounting and wrote-off the remaining investment balance. Seaboard recorded 50% of the losses from the Business in 2007 in the "All Other" segment. In June 2008, Seaboard received

$1,078,000 from another shareholder of the Business in exchange for the assignment by Seaboard to the shareholder of all rights to Seaboard's previous loans and advances to the Business. The proceeds of this transaction were recorded in Other Investment Income.

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.

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Sales to External Customers:

	Three Months Ended		Nine Months Ended	
(Thousands of dollars)	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Pork	$ 303,626	$248,729	$ 830,870	$ 752,067
Commodity Trading and Milling	495,656	281,005	1,383,120	751,094
Marine	254,882	204,645	695,536	601,517
Sugar and Citrus	35,664	37,052	102,746	88,848
All Other	41,863	29,897	113,038	79,169
Segment/Consolidated Totals	$1,131,691	$801,328	$3,125,310	$2,272,695

Operating Income (Loss):

	Three Months Ended		Nine Months Ended	
(Thousands of dollars)	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Pork	$ 1,201	$ 11,275	$ (30,040)	$ 45,178
Commodity Trading and Milling	21,443	15,526	83,627	21,599
Marine	11,998	20,277	36,489	73,313
Sugar and Citrus	(3,074)	3,530	2,825	10,177
All Other	857	2,615	6,982	5,234
Segment Totals	32,425	53,223	99,883	155,501
Corporate Items	(711)	(3,622)	(5,691)	(14,620)
Consolidated Totals	$ 31,714	$ 49,601	$ 94,192	$ 140,881

Income (Loss) from Foreign Affiliates:

	Three Months Ended		Nine Months Ended	
(Thousands of dollars)	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Commodity Trading and Milling	$ 4,706	$ 654	$ 10,370	$ 3,199
Sugar and Citrus	113	(84)	262	100
All Other	-	(286)	-	(1,741)
Segment/Consolidated Totals	$ 4,819	$ 284	$ 10,632	$ 1,558

Total Assets:

(Thousands of dollars)	September 27, 2008	December 31, 2007
Pork	$ 841,427	$ 783,288
Commodity Trading and Milling	706,204	447,211
Marine	275,700	231,278
Sugar and Citrus	233,691	171,978
All Other	88,277	71,640
Segment Totals	2,145,299	1,705,395
Corporate Items	336,269	388,304
Consolidated Totals	$2,481,568	$2,093,699

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Investments in and Advances to Foreign Affiliates:

(Thousands of dollars)	September 27, 2008	December 31, 2007
Commodity Trading and Milling	$ 70,371	$ 59,538
Sugar and Citrus	1,480	1,168
Segment/Consolidated Totals	$ 71,851	$ 60,706

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.

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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 September 27, 2008 decreased $33.4 million to $300.6 million from December 31, 2007. The decrease in cash and short-term investments along with an increase in notes payables of $141.9 million was used for capital expenditures of $102.9 million and cash used in operating activities of $66.5 million. Cash from operating activities decreased $179.2 million for the nine months ended September 27, 2008 compared to the same period in 2007, primarily as the result of increases in working capital needs in the Commodity Trading and Milling segment, primarily for increased amounts of inventory.

Acquisitions, Capital Expenditures and Other Investing Activities

During the nine months ended September 27, 2008, Seaboard invested $102.9 million in property, plant and equipment, of which primarily $45.3 million was expended in the Pork segment, $31.8 million in the

Marine segment, and $22.7 million in the Sugar and Citrus segment. The Pork segment spent $25.7 million on constructing additional hog finishing space, the biodiesel plant and the ham-boning and processing plant discussed below. The Marine segment spent $23.9 million to purchase cargo carrying and handling equipment. In the Sugar and Citrus segment, the capital expenditures were primarily for expansion of cane growing operations, development of the cogeneration plant and expansion of alcohol distillery 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 2008 management has budgeted capital expenditures totaling $37.9 million. In April, 2008, the Pork segment entered into an agreement to build and operate a majority-owned ham-boning and processing plant in Mexico. The total cost of this plant is expected to be $10.0 million with approximately $3.3 million to be spent in the remainder of 2008. This plant is currently expected to be completed in early 2009. In addition, the Pork segment plans to spend $5.2 million for improvements to existing hog facilities, upgrades to the Guymon pork processing plant and additional facility upgrades and related equipment. The Marine segment has budgeted $17.0 million primarily for the purchase of additional cargo carrying and handling equipment and the expansion of existing port facilities. The Sugar and Citrus segment plans to spend $10.4 million primarily for the development of a 40 megawatt cogeneration plant and expansion of cane growing operations. The balance of $2.0 million is planned to be spent in all other businesses. Management anticipates funding these capital expenditures from available cash, the use of available short-term investments or Seaboard's available borrowing capacity.

During the second quarter of 2008, Seaboard decided to indefinitely delay previously announced plans to expand its processed meats capabilities by either constructing a separate further processing plant, primarily for bacon, or the acquisition of an existing facility. In addition, during the first quarter of 2008 Seaboard decided not to proceed with any investment in the previously announced consortium to construct two coal-fired 305 megawatt electric generating plants in the Dominican Republic.

Financing Activities and Debt

As of September 27, 2008, Seaboard had committed lines of credit totaling $300.0 million and uncommitted lines totaling $197.4 million. Borrowings outstanding under the committed lines of credit totaled $115.0 million and borrowings under the uncommitted lines of credit totaled $115.7 million as of September 27, 2008. Outstanding standby letters of credit reduced Seaboard's borrowing capacity under its committed credit lines by $57.9 million primarily representing $42.7 million for Seaboard's outstanding Industrial Development Revenue Bonds and $13.7 million related to insurance coverages.

On July 10, 2008, Seaboard entered into an Amended and Restated Credit Agreement that increased its committed line of credit from $100.0 million to $300.0 million. This credit facility has a term of five years, maturing July 10, 2013. With respect to financial covenants, the Amended and Restated Credit Agreement increased the base amount used to calculate the minimum consolidated tangible net worth that must be maintained by Seaboard from $714.0 million under the 2004 Facility, to $1,150.0 million plus 25% of consolidated net income after March 29, 2008.

Seaboard's remaining 2008 scheduled long-term debt maturities total $7.9 million. Although continued pressure could result from expansion of the global liquidity crisis, management believes that 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.

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Management intends to continue seeking opportunities for expansion in the industries in which Seaboard operates, utilizing existing liquidity and available borrowing capacity.

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 $15.5 million remained available at September 27, 2008. For the nine months ended September 27, 2008, Seaboard used cash to repurchase 2,759 shares of common stock at a total price of $4.0 million. The remaining stock repurchase 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 nine month periods of 2008 increased by $330.4 million and $852.6 million, respectively, over the same periods in 2007, primarily reflecting the result of significant price increases for commodities sold by the commodity trading business and, to a lesser extent, increased commodity trading volumes. Also increasing sales were higher cargo rates and, to a lesser extent, higher cargo volumes for the Marine division and, for the three month period, higher sales prices for pork products.

Operating income decreased by $17.9 million and $46.7 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The decrease for both periods is primarily the result of higher feed costs for hogs, including the effect on LIFO reserves, from the increased price of corn and, to a lesser extent, soybean meal. Also decreasing operating income were lower margins on marine cargo services as a result of increased fuel and other related operating costs. The decreases were partially offset by the result of higher commodity trading margins that are not expected to continue and, for the nine month period, the $10.4 million fluctuation of marking to market the commodity trading and milling derivative contracts, both as discussed below.

Pork Segment

	Three Months Ended		Nine Months Ended	
	September 27,	September 29,	September 27,	September 29,
(Dollars in millions)	2008	2007	2008	2007

Net sales	$303.6	$248.7	$830.9	$752.1
Operating income (loss)	$ 1.2	$ 11.3	$(30.0)	$ 45.2

Net sales for the Pork segment increased $54.9 million and $78.8 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The increase for the quarter is primarily the result of higher sale prices for pork products and, to a lesser extent, higher volumes of pork products sold. The increase for the nine month period is primarily the result of higher volumes of pork products sold, reflecting increases in export sales and, to a lesser extent, domestic sales, derived from improvements completed at the Guymon processing plant during the first quarter of 2008 to expand daily capacity. The increase for the nine month period was also impacted, to a lesser extent than volumes, by the increase in sale prices for pork products during the third quarter of 2008. Sales of biodiesel related to the start-up of the new biodiesel processing plant during the second quarter of 2008 also contributed to the increase in net sales for both periods.

Operating income for the Pork segment decreased $10.1 million and $75.2 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The decreases primarily relate to higher feed costs from the increased price of corn and, to a lesser extent, soybean meal. Also decreasing operating income for the three and nine month periods of 2008 was the impact of using the LIFO method for determining certain inventory costs. For the three and nine months ended September 27, 2008, LIFO decreased operating income by $7.8 million and $37.5 million, respectively, in 2008 compared to decreases of $6.4 million and $15.1 million for the same periods in 2007, respectively, primarily as a result of higher feed costs. Also impacting operating income for both periods, but to a lesser extent is operating losses related to the start-up of the biodiesel plant. Partially offsetting these decreases are mark-to-market gains in commodity derivatives of $3.7 million and $11.9 million for

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the three and nine month periods in 2008 respectively, compared to $2.3 million and $0.4 million for the same periods in 2007.

Management is unable to predict future market prices for pork products or the cost of feed and third party hogs. Raw material costs in feed rations continue to show significant volatility, primarily as a result of uncertain global supply and demand factors. Without a noted improvement in current market conditions including feed costs, management expects to incur additional losses during the remainder of 2008. Also, there is the potential for increased volatility in operating income during the remainder of 2008 as a result of increased derivative positions entered into in July 2008. See Item 3, Quantitative and Qualitative Disclosures About Market Risk, below for further discussion. In addition, as discussed in Note 9 to the Condensed Consolidated Financial Statements, there is a possibility that some amount of either goodwill or other intangible assets not subject to amortization, or both, could be deemed impaired during some future period including fiscal 2008, which may result in a charge to earnings if projections are not met.

Commodity Trading and Milling Segment

	Three Months Ended		Nine Months Ended	
	September 27,	September 29,	September 27,	September 29,

(Dollars in millions)	2008	2007	2008	2007
Net sales	$495.7	$281.0	$1,383.1	$ 751.1
Operating income	$ 21.4	$ 15.5	$ 83.6	$ 21.6
Income from foreign affiliates	$ 4.7	$ 0.7	$ 10.4	$ 3.2

Net sales for the Commodity Trading and Milling segment increased $214.7 million and $ 632.0 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The increases are primarily the result of significant price increases for commodities sold by the commodity trading business, especially for wheat, and, to a lesser extent, increased commodity trading volumes. The increased trading volumes to third parties are primarily a result of Seaboard expanding its business in new and existing markets, including trading rice.

Operating income for this segment increased $5.9 million and $62.0 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The increases primarily reflect the increased commodity trading volumes discussed above. For the nine month period, the increase also reflects certain long inventory positions, principally wheat, previously taken by Seaboard which provided higher than average commodity trading margins during the first half of 2008 as the price of these commodities significantly increased to historic highs at the time of sale. However, management does not expect to be able to continue these significant favorable margins for the remainder of 2008. For the nine month period, the increase also reflects the $10.4 million fluctuation of marking to market the derivative contracts as discussed below.

Due to the uncertain political and economic conditions in the countries in which Seaboard operates and the current fluctuations in the commodity markets, management is unable to predict future sales and operating results, but anticipates positive operating income for the remainder of 2008 based on recent market prices for commodities, excluding the potential effects of marking to market derivative contracts. However, the current unprecedented high level of grain prices increase certain business risks for each of the commodity trading, consolidated milling and foreign affiliate operations in this segment. Those risks, including holding high priced inventory or the potential for reduced sales volumes, can increase if governments impose sales price controls, grain prices fall significantly and competitors hold lower priced positions, or customers default, which could result in write-downs of inventory values and an increase in bad debt expense. In addition, see Note 3 to the Condensed Consolidation Financial Statement for discussion regarding certain grain inventories. If any one or more of these conditions develop, the result may materially lower operating income and could result in operating losses for any one or all of the commodity trading, consolidated milling and foreign affiliate operations.

Had Seaboard not applied mark-to-market accounting to its derivative instruments, operating income would have been lower by $2.8 million and lower by $11.4 million for the three and nine month periods of 2008, respectively, while operating income would have been lower by $7.4 million and $1.0 million for the same periods in 2007. 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 could reverse in future periods, including fiscal 2008.

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Income from foreign affiliates for the three and nine month periods of 2008 increased by $4.0 million and $7.2 million, respectively, from the same 2007 periods as a result of favorable market conditions. Based on the uncertainty of local political and economic situations in the countries in which the flour and feed mills operate, and increasing grain costs, management cannot predict future results.

Marine Segment

	Three Months Ended		Nine Months Ended	
	September 27,	September 29,	September 27,	September 29,
(Dollars in millions)	2008	2007	2008	2007
Net sales	$254.9	$204.6	$695.5	$601.5
Operating income	$ 12.0	$ 20.3	$ 36.5	$ 73.3

Net sales for the Marine segment increased $50.3 million and $94.0 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007 primarily reflecting higher cargo rates and, to a lesser extent, higher cargo volumes. Cargo rates were higher in certain markets primarily as a result of higher cost-recovery surcharges for fuel. Cargo volumes were higher as a result of the expansion of services provided in certain markets and continued favorable economic conditions in several Latin American markets served.

Operating income for the Marine segment decreased $8.3 million and $36.8 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The decreases were primarily the result of significantly higher fuel costs for vessels on a per unit shipped basis. Operating income also decreased as a result of higher operating costs on a per unit shipped basis including trucking, charter hire and owned-vessel operating costs, terminal costs and stevedoring. In addition, the decrease for the nine month period also reflects an accounting error totaling $6.3 million relating to prior periods that was recorded in the second quarter of 2008, as discussed in Note 1 to the Condensed Consolidated Financial Statements. Although management cannot predict changes in future volumes and cargo rates or to what extent changes in economic conditions and operating cost increases will impact net sales or operating income, it does expect this segment to remain profitable for the remainder of 2008, although significantly lower than 2007.

Sugar and Citrus Segment

	Three Months Ended		Nine Months Ended	
	September 27,	September 29,	September 27,	September 29,
(Dollars in millions)	2008	2007	2008	2007
Net sales	$ 35.7	$ 37.1	$102.7	$ 88.8
Operating income (loss)	$ (3.1)	$ 3.5	$ 2.8	$ 10.2
Income (loss) from foreign				

affiliates	$ 0.1	$ (0.1)	$ 0.3	$ 0.1

Net sales for the Sugar and Citrus segment decreased $1.4 million and increased $13.9 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The decrease for the three month period primarily reflects a decrease in the volume of sugar sold as a result of lower export sales, partially offset by higher domestic sugar prices. The increase for the nine month period primarily reflects higher domestic sugar prices. Although domestic Argentine sugar prices increased, governmental authorities continue to attempt to control inflation by limiting the price of basic commodities, including sugar. Accordingly, management cannot predict whether sugar prices will continue to increase. Seaboard expects to at least maintain its historical sales volume to Argentinean customers.

Operating income decreased $6.6 million and $7.4 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The decreases are the result of losses incurred during the third quarter for the citrus business primarily from decreased juice production and citrus quality issues, decreased profits for the sugar business primarily as a result of a labor work stoppage issue for approximately one week during the third quarter and higher administrative personnel costs. The decrease in operating income as a percent of sales for the three and nine month periods was also impacted by a higher percentage mix of purchased third party sugar for resale, which has a significantly lower margin compared to sugar produced by Seaboard. Management anticipates operating income will be positive for the remainder of 2008, although lower than 2007.

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All Other

(Dollars in millions)	Three Months Ended September 27, 2008	Three Months Ended September 29, 2007	Nine Months Ended September 27, 2008	Nine Months Ended September 29, 2007
Net sales	$ 41.9	$ 29.9	$113.0	$ 79.2
Operating income	$ 0.9	$ 2.6	$ 7.0	$ 5.2
Loss from foreign affiliate	$ -	$ (0.3)	$ -	$ (1.7)

Net sales and operating income primarily represents results from the Dominican Republic Power division. Net sales increased $12.0 million and $33.8 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007 primarily reflecting higher rates. The higher rates were attributable primarily to higher fuel costs, a component of pricing. Operating income decreased $1.7 million and increased $1.8 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The decrease for the three month period is primarily the result of higher maintenance and voltage regulation costs incurred during the third quarter. The increase for the nine month period is primarily the result of higher rates being in excess of higher fuel costs. Management cannot predict future fuel costs or the extent to which rates will fluctuate compared to fuel costs, although management anticipates this segment to remain profitable for the remainder of 2008.

The loss from foreign affiliate reflects Seaboard's share of losses from its equity method investment in a Bulgarian wine business. During the fourth quarter of 2007, Seaboard signed an agreement to allow a bank to take majority ownership of the wine business resulting in a loss of significant influence by Seaboard. Accordingly, Seaboard discontinued using the equity method of accounting. See Note 9 to the Condensed Consolidated Financial Statements for further discussion of this business.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased by $2.1 million and $3.9 million for the three and nine month periods of 2008, respectively, compared to the same periods in 2007. The increases are primarily due to increased personnel costs. Partially offsetting the increases were decreased 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). Also, partially offsetting the increase for the nine month period is a $3.7 million pension settlement loss recognized in the first quarter of 2007 related to Mr. Bresky's retirement payment in February 2007 as discussed in Note 6 to the Condensed Consolidated Financial Statements. As a percentage of revenues, SG&A decreased to 3.9% and 4.2% for the 2008 three and nine month periods, respectively, compared to 5.3% and 5.6% for the same periods in 2007 primarily as a result of increased sales in the Commodity Trading and Milling segment.

Interest Income

Interest income decreased $2.3 million and $3.9 million for the three and nine month periods of 2008, respectively, compared to the same periods of 2007 primarily reflecting a decrease in the average funds invested.

Other Investment Income

The increase in Other Investment Income for the nine month period of 2008 compared to the same period in 2007 primarily reflects realized gains of $4.5 million on equity securities transactions, income of $5.9 million in the Power division related to the settlement of a receivable, not directly related to its business, purchased at a discount. Also included in the nine month period of 2008 was income of $1.1 million related to the assignment of rights related to an investment as discussed in Note 9 to the Condensed Consolidated Financial Statements. Partially offsetting the above income items was a $3.4 million and $7.2 million decrease in the mark-to-market value of Seaboard's investments related to the deferred compensation programs for the three and nine month periods of 2008 compared to the same periods in 2007, respectively.

Miscellaneous, Net

The decrease in miscellaneous, net for the nine month period of 2008 compared to the same periods in 2007 primarily reflects a $4.2 million gain from a favorable settlement received in June 2007 related to a land expropriation in Argentina. This land settlement was recorded as miscellaneous income since the land was expropriated prior to Seaboard's purchase of the sugar and citrus business, thus never a part of the sugar and citrus operations recorded by Seaboard.

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Income Tax Expense

The effective tax rate decreased in 2008 compared to 2007 resulting in a tax benefit for the nine month period of 2008 primarily based on a projected domestic taxable loss compared to permanently deferred foreign earnings for 2008. The lower tax benefit for the three month period of 2008 resulted from a lowering of the 2008 annual benefit during the third quarter, which occurred in response to the decrease in the 2008 projected domestic taxable loss from the loss projected in the prior quarter.

OTHER FINANCIAL INFORMATION

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R) (SFAS 141R), "Business Combinations." This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any noncontrolling interest at their fair values as of the acquisition date. This statement also requires that acquisition-related costs of the acquirer be recognized separately from the business combination and will generally be expensed as incurred. Seaboard will be required to adopt this statement as of January 1, 2009. The impact of adopting SFAS 141R will be applicable to any future business combinations for which the acquisition date is on or after January 1, 2009.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160 (SFAS 160), "Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51." This statement will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. Seaboard will be required to adopt this statement as of January 1, 2009. Management believes the adoption of SFAS 160 will not have a material impact on Seaboard's financial position or net earnings.

In February 2008, the FASB issued FASB Staff Position 157-2 which defers the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Seaboard will be required to adopt SFAS 157 for these nonfinancial assets and nonfinancial liabilities as of January 1, 2009. Management believes the adoption of SFAS 157 will not have a material impact on Seaboard's financial position or net earnings.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 (SFAS 161), "Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133." This statement will change 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 will be required to adopt this statement as of January 1, 2009. Management believes the adoption of SFAS 161 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. 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, 2007. However, during July 2008 the Pork segment significantly increased the number of hog, grain and oilseed futures contracts entered into based on market conditions. These increased positions could increase volatility of reported financial results due to mark to market accounting.

The size and mix of Seaboard's commodity future and option contracts varies from time to time based upon an analysis of fundamental market information. The following table provides the fair value of Seaboard's net open commodity future and option derivatives for all divisions as of September 27, 2008 and December 31, 2007.

(Thousands of dollars)	September 27, 2008	December 31, 2007
Grains and oilseeds	$ (34,429)	$ 2,832
Hogs and pork bellies	49,667	(994)

While Seaboard previously presented the market value of commodity derivative instruments in a table, Seaboard began using sensitivity analysis in the second quarter of 2008 to evaluate the effect that changes in the market value of commodities will have on these commodity derivative instruments. Seaboard feels that sensitivity analysis more appropriately reflects the potential market value exposure associated with the use of derivative instruments. The following table presents the sensitivity of the fair value of Seaboard's open net commodity future and option derivatives for all divisions to a hypothetical 10% adverse change in market prices as of September 27, 2008 and December 31, 2007. The fair value of such positions is a summation of the fair values calculated for each commodity by valuing each net position at quoted market prices as of the applicable date.

(Thousands of dollars)	September 27, 2008	December 31, 2007
Grains and oilseeds	$ 19,283	$ 9,533
Hogs and pork bellies	36,049	759

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 September 27, 2008. 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 September 27, 2008 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

The global financial crisis and decreased liquidity in the financial markets could affect Seaboard's and its customers' ability to borrow, which could adversely affect Seaboard's liquidity. There have been no other material changes in the risk factors as previously disclosed in Seaboard's Annual Report on form 10-K for the year ended December 31, 2007.

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
June 29 to July 31, 2008	-	n/a	n/a	$18,975,441
August 1 to August 31, 2008	1,885	$1,483.80	1,885	$16,178,480
September 1 to September 27, 2008	505	$1,298.14	505	$15,522,922
Total	2,390	$1,444.57	2,390	$15,522,922

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 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 related customer contract performance, (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, or (xii) 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.

DATE: November 3, 2008
Seaboard Corporation

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

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

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