

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

SEABOARD CORP /DE/
Form 10-Q
November 02, 2007

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 29, 2007

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 (I.R.S. Employer Identification No.)
incorporation or organization)

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 ☒ . No ☐ .

Indicate by check mark whether the registrant is a large accelerated
filer, an accelerated filer, or a non-accelerated filer. See definition
of "accelerated filer and large accelerated filer" in Rule 12b-2 of the
Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐

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

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

There were 1,252,724.24 shares of common stock, \$1.00 par value per share, outstanding on October 22, 2007.

Total pages in filing - 20 pages

1

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 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net sales:				
Products	\$ 562,312	\$ 463,853	\$1,582,908	\$1,388,953
Services	212,807	193,108	622,578	546,742
Other	26,209	21,421	67,209	67,197
Total net sales	801,328	678,382	2,272,695	2,002,892
Cost of sales and operating expenses:				
Products	513,610	393,605	1,454,042	1,186,659
Services	172,883	150,721	490,779	430,333
Other	22,503	19,279	59,062	58,061
Total cost of sales and operating expenses	708,996	563,605	2,003,883	1,675,053
Gross income	92,332	114,777	268,812	327,839
Selling, general and administrative expenses	42,731	39,109	127,931	113,246
Operating income	49,601	75,668	140,881	214,593
Other income (expense):				
Interest expense	(2,924)	(4,299)	(9,847)	(14,633)
Interest income	4,821	4,875	14,864	16,406
Income from foreign affiliates	284	455	1,558	2,484
Minority and other noncontrolling interests	(29)	(1,803)	90	(4,925)
Foreign currency gain (loss), net	(1,183)	(1,898)	(2,614)	515

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Miscellaneous, net	1,060	1,480	7,228	7,651
Total other income (expense), net	2,029	(1,190)	11,279	7,498
Earnings before income taxes	51,630	74,478	152,160	222,091
Income tax benefit (expense)	942	(13,289)	(7,576)	(40,172)
Net earnings	\$ 52,572	\$ 61,189	\$ 144,584	\$ 181,919
Earnings per common share	\$ 41.75	\$ 48.51	\$ 114.69	\$ 144.22
Dividends declared per common share	\$ 0.75	\$ 0.75	\$ 2.25	\$ 2.25
Average number of shares outstanding	1,259,091	1,261,367	1,260,605	1,261,367

See accompanying notes to condensed consolidated financial statements.

2

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

	September 29, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 47,872	\$ 31,369
Short-term investments	322,732	478,859
Receivables, net	286,217	277,048
Inventories	445,543	341,366
Deferred income taxes	12,184	12,894
Other current assets	76,023	55,033
Total current assets	1,190,571	1,196,569
Investments in and advances to foreign affiliates	52,665	42,457
Net property, plant and equipment	707,510	637,813
Goodwill	39,978	28,372
Intangible assets, net	31,297	28,760
Other assets	36,675	27,462
Total assets	\$2,058,696	\$1,961,433

Liabilities and Stockholders' Equity

Current liabilities:

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Notes payable to banks	\$ 78,484	\$ 62,975
Current maturities of long-term debt	21,124	63,415
Accounts payable	136,217	103,429
Other current liabilities	180,566	159,423
Total current liabilities	416,391	389,242
Long-term debt, less current maturities	125,600	137,817
Deferred income taxes	109,721	119,861
Other liabilities	76,878	72,103
Total non-current and deferred liabilities	312,199	329,781
Minority and other noncontrolling interests	970	39,103
Stockholders' equity:		
Common stock of \$1 par value,		
Authorized 4,000,000 shares;		
issued and outstanding 1,252,724 and 1,261,367 shares	1,253	1,261
Additional paid-in capital	3,742	21,574
Accumulated other comprehensive loss	(80,576)	(82,493)
Retained earnings	1,404,717	1,262,965
Total stockholders' equity	1,329,136	1,203,307
Total liabilities and stockholders' equity	\$2,058,696	\$1,961,433

See accompanying notes to condensed consolidated financial statements.

3

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

	Nine Months Ended	
	September 29, 2007	September 30, 2006
Cash flows from operating activities:		
Net earnings	\$ 144,584	\$ 181,919
Adjustments to reconcile net earnings to cash from operating activities:		
Depreciation and amortization	58,879	52,753
Other investment income, net	(2,607)	(1,427)
Income from foreign affiliates	(1,558)	(2,484)
Put option value	-	(1,900)
Minority and noncontrolling interest	(90)	4,925
Deferred income taxes	(9,193)	(104)
Gain from sale of fixed assets	(1,040)	(708)
Changes in current assets and liabilities:		
Receivables, net of allowance	(9,166)	(26,420)
Inventories	(105,427)	23,865
Other current assets	(18,974)	8,950
Current liabilities, exclusive of debt	54,650	(16,504)
Other, net	2,602	(5,602)
Net cash from operating activities	112,660	217,263

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Cash flows from investing activities:		
Purchase of short-term investments	(1,605,907)	(2,261,175)
Proceeds from the sale or maturity of short-term investments	1,761,847	2,236,460
Investments in and advances to foreign affiliates, net	(7,904)	2,004
Capital expenditures	(124,123)	(51,645)
Repurchase of minority interest in a controlled subsidiary	(61,260)	-
Proceeds from the sale of fixed assets	2,220	2,026
Other, net	(2,348)	(1,667)
Net cash from investing activities	(37,475)	(73,997)
Cash flows from financing activities:		
Notes payable to banks, net	15,509	(85,408)
Principal payments of long-term debt	(54,156)	(51,182)
Repurchase of common stock	(17,841)	-
Dividends paid	(2,832)	(2,838)
Other, net	(109)	(4,395)
Net cash from financing activities	(59,429)	(143,823)
Effect of exchange rate change on cash	747	(125)
Net change in cash and cash equivalents	16,503	(682)
Cash and cash equivalents at beginning of year	31,369	34,622
Cash and cash equivalents at end of period	\$ 47,872	\$ 33,940

See accompanying notes to condensed consolidated financial statements.

4

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, 2006 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.

Use of Estimates

The preparation of the consolidated financial statements in conformity

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

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 September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 (SFAS 157), "Fair Value Measurements". This statement establishes a single authoritative definition of fair value when accounting rules require the use of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. For Seaboard, SFAS 157 is effective for the fiscal year beginning January 1, 2008. Management believes the adoption of SFAS 157 will not have a material impact on Seaboard's financial position or net earnings.

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 provides companies with an option to report selected financial assets and liabilities at fair value. Seaboard will be required to adopt this statement as of January 1, 2008. Management believes the adoption of SFAS 159 will not have a material impact on Seaboard's financial position or net earnings.

Supplemental Noncash Transactions

As more fully described in Note 2, Seaboard repurchased the 4.74% equity interest in Seaboard Foods LP from the former owners of Daily's effective January 1, 2007. The following table summarizes the non-cash transactions resulting from this repurchase:

(Thousands of dollars)	September 29, 2007
Increase in fixed assets	\$ 7,976
Increase in goodwill	11,606
Increase in intangible assets	3,745
Decrease in minority interest	37,933
Cash paid	\$ 61,260

5

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. The total purchase price was equal to the greater of \$40,000,000 or the same formula-determined value of the original put option, determined as of June 30, 2007, less the amount of interest which accrued on the initial \$30,000,000 portion of the purchase price from January 2, 2007 through the date on which the balance of the purchase price was paid.

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

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

balance of the purchase price owed to the former owners of Daily's of \$31,207,000 in August 2007. The total purchase price for the 4.74% equity interest in Seaboard Foods LP of \$61,260,000 represents \$23,327,000 in excess of book value. Seaboard applied the purchase method of accounting for this step acquisition by allocating the purchase price to the fair value of the net assets acquired to the extent of the 4.74% change in ownership. The allocation of the purchase price resulted in the recording of an increase in fixed assets of \$7,976,000, an intangible asset for customer relationships of \$3,745,000 and goodwill of \$11,606,000 as of June 30, 2007. The goodwill has been allocated to Seaboard's Pork segment and is expected to be deductible for tax purposes. The intangible asset for customer relationships will be amortized over fifteen years. Depreciation and amortization of \$593,000 was recorded in the second quarter representing the amount of depreciation on the write-up of fixed assets and amortization of intangible asset from January 1, 2007 through June 30, 2007. Pro forma results of operations are not presented, as the effects of this acquisition are not considered material to Seaboard's results of operations. The factor that contributed to a purchase price that resulted in the recognition of goodwill was a formula based re-purchase price resulting in a value in excess of historical book values.

Note 3 - Inventories

The following is a summary of inventories at September 29, 2007 and December 31, 2006:

(Thousands of dollars)	September 29, 2007	December 31, 2006
At lower of LIFO cost or market:		
Live hogs and materials	\$173,749	\$149,521
Fresh pork and materials	19,826	19,443
	193,575	168,964
LIFO adjustment	(13,671)	1,458
Total inventories at lower of LIFO cost or market	179,904	170,422
At lower of FIFO cost or market:		
Grain, primarily wheat, corn and soybeans	160,177	80,068
Sugar produced and in process	22,559	25,124
Other	41,602	29,016
Total inventories at lower of FIFO cost or market	224,338	134,208
Grain, flour and feed at lower of weighted average cost or market	41,301	36,736
Total inventories	\$445,543	\$341,366

6

Note 4 - Income Taxes

Seaboard adopted the provisions of FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, on January 1, 2007. As of January 1, 2007, Seaboard had \$320,000 in total unrecognized tax benefits all of which, if recognized, would affect the effective tax rate. Beginning January 1, 2007, Seaboard now recognizes interest accrued related to unrecognized tax benefits and penalties in income tax expense as Seaboard believes it is more closely related to income tax expense

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

instead of financing related items. Prior to the adoption of FIN 48 on January 1, 2007, Seaboard recognized interest accrued related to unrecognized tax benefits in interest expense and penalties in selling, general and administrative expenses. As of January 1, 2007, Seaboard did not have any amounts recorded for accrued interest and penalties on uncertain tax positions. 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. Seaboard does not have any uncertain tax positions in which it is reasonably possible that the total amounts of the unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date. The tax amounts provided above have not changed materially since January 1, 2007.

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 versus domestic income and change in valuation allowances resulting in a net benefit for the quarter. In the second quarter of 2006, Seaboard reached a settlement with the Internal Revenue Service on its audit of Seaboard's 2004 and 2003 U.S. federal income tax returns. The favorable resolution of these tax issues resulted in a tax benefit of \$2,786,000 for items previously reserved which was recorded in the second quarter of 2006.

Note 5 - 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 2007 for the 2006 plan year, and currently does not anticipate making any contributions during 2007 for the 2007 plan year. Additionally, 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.

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:

	Three Months Ended		Nine Months Ended	
	September 29,	September 30,	September 29,	September 30,
(Thousands of dollars)	2007	2006	2007	2006

Components of net periodic
benefit cost:

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Service cost	\$ 1,216	\$ 1,064	\$ 3,671	\$ 3,192
Interest cost	1,410	1,294	4,264	3,883
Expected return on plan assets	(1,363)	(1,115)	(4,137)	(3,346)
Amortization and other	498	646	1,501	1,938
Settlement loss	-	-	3,671	-
Net periodic benefit cost	\$ 1,761	\$ 1,889	\$ 8,970	\$ 5,667

7

Note 6 - 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. Seaboard has responded to the allegations and is engaged in discussions with U.S. Customs and Border Protection regarding the matter. Management believes that the resolution of the matter will not have a material adverse effect on the consolidated financial statements of Seaboard.

In September 2007, Seaboard Marine settled a lawsuit brought by an individual for injuries as a result of an accident occurring during vessel loading operations in late 2004. Seaboard's Protection and Indemnity Insurer provided indemnity and defense for the case, and paid \$7.5 million to fund the settlement, but continues to question whether the loss is covered by insurance, and could seek reimbursement of the settlement. Seaboard believes that there is insurance coverage, and has received a legal opinion to this effect. If the Insurer sues to recover the settlement and there is an adverse ruling, then Seaboard will pursue other insurance. If it is determined that other insurance is not applicable, Seaboard would be responsible for the \$7.5 million amount paid in settlement.

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.

In June 2007, Seaboard received a \$4,090,000 settlement 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.

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

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

of September 29, 2007, Seaboard had guarantees outstanding to three third parties with a total maximum exposure of \$2,403,000. Seaboard has not accrued a liability for any of the third party or affiliate guarantees as management considered the likelihood of loss to be remote.

As of September 29, 2007, Seaboard had outstanding letters of credit ("LCs") with various banks which reduced its borrowing capacity under its committed and uncommitted credit facilities by \$57,021,000 and \$8,720,000, respectively. Included in these amounts are LCs totaling \$42,688,000, which support the Industrial Development Revenue Bonds included as long-term debt and \$14,008,000 of LCs related to insurance coverages.

Commitments

At September 29, 2007, certain hog procurement contracts with two year cancellation provisions remained in place, increasing commitments in 2009 by \$15,453,000. During the third quarter of 2007, Seaboard Foods increased grain and soybean meal commitments in 2008 valued at \$47,903,000 based on current market values at September 29, 2007.

Note 7 - Stockholders' Equity and Accumulated Other Comprehensive Loss

In conjunction with a 2002 transaction ("the Transaction") between Seaboard and its parent company, Seaboard Flour LLC ("the Parent Company"), whereby Seaboard effectively repurchased shares of its common stock owned by the Parent Company in return for repayment of all indebtedness owed by the Parent Company to Seaboard, the Parent Company also transferred to Seaboard rights to receive possible future cash payments from a subsidiary of the Parent Company and the benefit of other assets owned by that subsidiary. To the extent Seaboard received cash payments as a result of the transferred rights, Seaboard agreed to issue to the Parent Company new shares of common stock with a value equal to the cash received. The right to receive such payments expired on September 17, 2007 without Seaboard receiving any payments or issuing any shares to the Parent Company.

8

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

(Thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net earnings	\$52,572	\$61,189	\$144,584	\$181,919
Other comprehensive income (loss) net of applicable taxes:				
Foreign currency translation adjustment	(1,316)	(998)	(1,056)	(1,867)
Unrealized gains (losses) on investments	488	605	(223)	735
Unrecognized pension cost	361	-	3,321	-
Unrealized losses on cash flow hedges	-	-	-	(22)

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Amortization of deferred gain on interest rate swaps	(39)	(50)	(125)	(150)
Total comprehensive income	\$52,066	\$60,746	\$146,501	\$180,615

The components of and changes in accumulated other comprehensive loss for the nine months ended September 29, 2007 are as follows:

(Thousands of dollars)	Balance December 31, 2006	Period Change	Balance September 29, 2007
Foreign currency translation adjustment	\$(55,811)	\$(1,056)	\$(56,867)
Unrealized gain on investments	1,361	(223)	1,138
Unrecognized pension cost	(28,140)	3,321	(24,819)
Net unrealized loss on cash flow hedges	(55)	-	(55)
Deferred gain on interest rate swaps	152	(125)	27
Accumulated other comprehensive loss	\$(82,493)	\$ 1,917	\$(80,576)

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 \$7,241,000 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 \$32,159,000 remained available at September 29, 2007. As of September 29, 2007, Seaboard had repurchased 8,643 shares of common stock at a cost of \$17,841,000, including commission fees of \$22,000, cumulatively since inception of the stock repurchase program. Shares repurchased are retired and resume status of authorized and unissued shares.

Note 8 - Segment Information

Seaboard's investment in a Bulgarian wine business (the Business) and its 50% share of related losses from this Business are included in the All Other segment. The owners of this Business, including Seaboard, have been trying to sell the remaining assets of this Business. Since March 2007, this Business has been unable to make its scheduled loan payments and has been in technical default on its bank debt which could result in the Business being forced into bankruptcy. If this occurs prior to sale of the Business, this could eliminate the remaining value of the Business to Seaboard resulting in a charge to losses from foreign affiliates in the All Other segment. Seaboard anticipates incurring additional losses from the operation of this Business until the sale of this Business is completed. As of September 29, 2007, the remaining carrying value of Seaboard's investments in and advances to this Business total \$1,431,000, including \$2,783,000 of foreign currency translation gains recorded in other comprehensive income from this Business, which would be recognized in earnings upon completion of any sale. This Business is considered a variable interest entity and the related maximum exposure to Seaboard at September 29, 2007 is limited to its remaining carrying value.

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

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 and income tax expense on a segment basis.

Sales to External Customers:

(Thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Pork	\$248,729	\$255,872	\$ 752,067	\$ 753,305
Commodity Trading and Milling	281,005	176,295	751,094	555,006
Marine	204,645	187,574	601,517	533,858
Sugar and Citrus	37,052	32,809	88,848	80,252
Power	26,209	21,421	67,207	67,197
All Other	3,688	4,411	11,962	13,274
Segment/Consolidated Totals	\$801,328	\$678,382	\$2,272,695	\$2,002,892

Operating Income:

(Thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Pork	\$ 11,275	\$ 39,493	\$ 45,178	\$ 99,401
Commodity Trading and Milling	15,526	8,120	21,599	36,509
Marine	20,277	24,389	73,313	67,403
Sugar and Citrus	3,530	4,592	10,177	12,385
Power	2,578	1,140	4,595	6,175
All Other	37	605	639	1,979
Segment Totals	53,223	78,339	155,501	223,852
Corporate Items	(3,622)	(2,671)	(14,620)	(9,259)
Consolidated Totals	\$ 49,601	\$ 75,668	\$ 140,881	\$ 214,593

Income (Loss) from Foreign Affiliates:

(Thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Commodity Trading and Milling	\$ 654	\$ 1,019	\$ 3,199	\$ 4,988
Sugar and Citrus	(84)	(28)	100	(1,135)
All Other	(286)	(536)	(1,741)	(1,369)
Segment/Consolidated Totals	\$ 284	\$ 455	\$ 1,558	\$ 2,484

10

Total Assets:

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

(Thousands of dollars)	September 29, 2007	December 31, 2006
Pork	\$ 775,298	\$ 721,514
Commodity Trading and Milling	426,146	301,672
Marine	215,775	176,673
Sugar and Citrus	163,569	133,971
Power	63,390	66,978
All Other	6,830	8,464
Segment Totals	1,651,008	1,409,272
Corporate Items	407,688	552,161
Consolidated Totals	\$2,058,696	\$1,961,433

Investments in and Advances to Foreign Affiliates:

(Thousands of dollars)	September 29, 2007	December 31, 2006
Commodity Trading and Milling	\$ 50,520	\$ 38,748
Sugar and Citrus	714	636
All Other	1,431	3,073
Segment/Consolidated Totals	\$ 52,665	\$ 42,457

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, certain investments in and advances to foreign affiliates, fixed assets, deferred tax amounts and other miscellaneous items. Corporate operating losses represent certain operating costs not specifically allocated to individual segments.

11

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 decreased \$139.6 million from December 31, 2006, while cash from operating activities was \$112.7 million for the nine months ended September 29, 2007. The decrease was primarily the result of cash being used for capital expenditures of \$124.1 million, a payment of \$61.3 million for the repurchase of the minority interest as discussed in Note 2 to the Condensed Consolidated Financial Statements, scheduled principal payments of long-term debt of \$54.2 million and \$17.8 million used to repurchase common stock as discussed in Note 7 to the Condensed Consolidated Financial Statements. Cash from operating activities decreased \$104.6 million for the nine months ended September 29, 2007, primarily as the result of increases in working capital needs in the Commodity Trading and Milling segment primarily for increased amounts of inventory and, to a lesser extent, lower net earnings for the period.

Acquisitions, Capital Expenditures and Other Investing Activities

During the nine months ended September 29, 2007, Seaboard invested \$124.1

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

million in property, plant and equipment, of which \$54.4 million was expended in the Pork segment, \$2.3 million was expended in the Commodity Trading and Milling segment, \$50.2 million in the Marine segment, and \$16.9 million in the Sugar and Citrus segment. The Pork segment spent \$38.7 million on constructing a biodiesel plant as discussed below and constructing additional hog finishing space. The Marine segment spent \$36.3 million to purchase two containerized cargo vessels and to purchase cargo carrying and handling equipment. In the Sugar and Citrus segment, the capital expenditures were primarily for expansion of cane growing operations, various improvements to the sugar mill 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.

The Pork segment is constructing a processing plant at an approximate cost of \$40.0 million to produce biodiesel to be sold to a third party, which will be produced from by-products including from Seaboard's Guymon processing plant. Construction of this plant began in the fourth quarter of 2006 with approximately \$9.5 million to be spent in the remainder of 2007. This plant is expected to begin operations during the first quarter of 2008. The Pork segment is also currently constructing additional hog finishing space to expand its live production facilities to support the Guymon plant with approximately \$3.7 million to be spent in the remainder of 2007. In addition, the Pork segment previously announced plans to expand its processed meats capabilities by constructing a separate further processing plant, primarily for bacon, at an approximate cost of \$45.0 million. Construction of this facility was anticipated to begin in the second half of 2007; however the timing of this facility has been delayed with no related capital expenditures currently expected in 2007. In addition, other alternatives to construction may be considered for this project including the acquisition of an existing facility.

For the remainder of 2007 management has budgeted capital expenditures totaling \$55.7 million. In addition to the projects detailed above, the Pork segment plans to spend \$9.2 million for improvement to existing hog facilities and upgrades to the Guymon processing plant. The Commodity Trading and Milling segment plans to spend \$2.7 million primarily for milling facility upgrades and related equipment. The Marine segment has budgeted \$22.9 million for additional cargo carrying and handling equipment and expansion of port facilities. The Sugar and Citrus segment plans to spend \$7.2 million for expansion of alcohol distillery operations, expansion of cane growing operations, and various improvements to the sugar mill. The balance of \$0.5 million is planned to be spent in all other businesses. Management anticipates funding these capital expenditures from available cash and short-term investments.

During the third quarter of 2007, Seaboard paid approximately \$31.2 million to the former owners of Daily's as the final payment to repurchase their minority interest in Seaboard Foods, LP, as discussed in Note 2 to the Condensed Consolidated Financial Statements.

In late September 2007, Seaboard acquired for \$8.5 million a 40% non-controlling interest, including cash contributed into the business, in a flour mill business located in Colombia. This investment is accounted for using the equity method. In October 2007, Seaboard finalized an agreement to acquire a 50% non-controlling interest in a grain trading business in Peru for \$6.4 million. Such transaction is expected to be completed during the fourth quarter of 2007 and will be accounted for using the equity method.

Financing Activities and Debt

As of September 29, 2007, Seaboard had committed lines of credit totaling \$100.0 million and uncommitted lines totaling \$173.8 million. Borrowings outstanding under the uncommitted lines as of September 29, 2007, totaled \$78.5 million while there were no outstanding borrowings under the committed credit facility. Outstanding standby letters of credit reduced Seaboard's borrowing capacity under its committed and uncommitted credit lines by \$57.0 million and \$8.7 million, respectively, primarily representing \$42.7 million for Seaboard's outstanding Industrial Development Revenue Bonds and \$14.0 million related to insurance coverages.

Seaboard's remaining 2007 scheduled long-term debt maturities total \$9.3 million. Management believes that Seaboard's current combination of internally generated cash, liquidity, capital resources and short-term borrowing capabilities will be adequate for its existing operations and any currently known potential plans for expansion of existing operations or business segments. Management intends to continue seeking opportunities for expansion in the 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 \$50,000,000 market value of its Common Stock in open market or privately negotiated purchases, of which \$32,159,000 remained available at September 29, 2007. As of September 29, 2007, Seaboard used cash to repurchase 8,643 shares of common stock at a total price of \$17,841,000, including commissions of \$22,000. The stock repurchase will be funded by cash on hand. 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 6 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 2007 increased by \$122.9 million and \$269.8 million, respectively, over the same periods in 2006, primarily reflecting the result of increased prices for commodities sold by the commodity trading business and, to a lesser extent, increased commodity trading volumes and higher volumes for marine cargo services.

Operating income decreased by \$26.1 million and \$73.7 million for the three and nine month periods of 2007, respectively, compared to the same periods in 2006. The decrease for both periods is primarily the result of higher feed costs for hogs, including the effect on LIFO reserves, primarily from the increased price of corn. The decrease for the nine month period also reflects the effect of the mark-to-market of derivatives in the Commodity Trading and Milling segment, and the pension settlement loss in the first quarter of 2007 as discussed in Note 5 to the Condensed Consolidated Financial Statements.

Pork Segment

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

(Dollars in millions)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net sales	\$248.7	\$255.9	\$752.1	\$753.3
Operating income	\$ 11.3	\$ 39.5	\$ 45.2	\$ 99.4

Net sales for the Pork segment decreased \$7.2 million and \$1.2 million for the three and nine month periods of 2007, respectively, compared to the same periods in 2006. The decrease for the three month period is primarily the result of lower prices for pork products sold and lower domestic sales volume of pork products. The decrease for the nine month period is primarily the result of lower domestic sales volume of pork products partially offset by higher prices for pork products sold. In addition, partially offsetting these decreases were higher marketing fee income from increased number of head processed by Triumph Foods and, for the quarter, an increase in market hogs sold to third parties.

13

Operating income for the Pork segment decreased \$28.2 million and \$54.2 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The decreases primarily relate to higher feed costs, primarily from the increased price of corn, and, to a lesser extent for the nine month period, higher costs per hog for third party hogs used for processing. Also decreasing operating income for the three and nine month periods for 2007 compared to 2006 was an increase in the change in the LIFO reserve of \$6.9 million and \$14.5 million, respectively, primarily as a result of the higher feed costs. These higher costs were partially offset by increased marketing fee income discussed above.

Management is unable to predict future market prices for pork products or the cost of feed and third party hogs. During the last half of 2006, the price of corn began to rise significantly as the demand for corn increased due to, among other things, demand from ethanol plants. Also, over the past three years, market prices for pork products have been higher than historic norms while recent prices for pork products sold have declined. As a result of current market conditions and unpredictable grain prices, management is unable to predict whether this segment will remain profitable for the remainder of 2007.

Commodity Trading and Milling Segment

(Dollars in millions)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net sales	\$281.0	\$176.3	\$751.1	\$555.0
Operating income	\$ 15.5	\$ 8.1	\$ 21.6	\$ 36.5
Income from foreign affiliates	\$ 0.7	\$ 1.0	\$ 3.2	\$ 5.0

Net sales for the Commodity Trading and Milling segment increased \$104.7 million and \$196.1 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The increases primarily reflect increased prices for commodities sold, especially for wheat, and, to a lesser extent, increased commodity trading volumes with third parties. The increased trading volumes to third parties are primarily a result of Seaboard expanding its business in new and existing markets.

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Operating income for this segment increased \$7.4 million and decreased \$14.9 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The fluctuations for the three and nine month periods of 2007 compared to 2006 primarily reflects the \$6.2 million and \$7.8 million fluctuation, respectively, of marking to market the derivative contracts as discussed below. The increase for the three month period also is the result of increased commodity trading volumes as discussed above. The decrease for the nine month period also reflects lower margins from certain milling operations, especially in Zambia. The lower margins at certain milling locations are the result of less favorable market conditions, primarily from competitive pressures and higher wheat costs. Due in large part to the uncertain political and economic conditions in the countries in which Seaboard operates, management is unable to predict future sales and operating results, but anticipates positive operating income for the remainder of 2007 based on current market prices for commodities, excluding the potential effects of marking to market derivative contracts.

Had Seaboard not applied mark-to-market accounting to its derivative instruments, operating income would have been lower by \$7.4 million and \$1.0 million for the three and nine month periods of 2007, respectively, while operating income for the three and nine months of 2006 would have been lower by \$1.2 million and \$8.8 million, respectively. While management believes its commodity futures and options and foreign exchange contracts are primarily economic hedges of its firm purchase and sales contracts, Seaboard does not perform the type of extensive record-keeping required to account for either type of derivative 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.

Income from foreign affiliates for the three and nine month periods of 2007 decreased \$0.3 million and \$1.8 million, respectively, from the same 2006 periods as a result of less 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.

14

Marine Segment

	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
(Dollars in millions)				
Net sales	\$204.6	\$187.6	\$601.5	\$533.9
Operating income	\$ 20.3	\$ 24.4	\$ 73.3	\$ 67.4

Net sales for the Marine segment increased \$17.0 million and \$67.6 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006 primarily reflecting higher cargo volumes. Cargo volumes were higher as a result of continued favorable economic conditions in most markets served. Cargo rates overall remained relatively flat as a result of increased competition.

Operating income for the Marine segment decreased \$4.1 million and increased \$5.9 million for the three and nine month periods of 2007,

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

respectively, compared to the same periods of 2006. The decrease for the three month period was primarily the result of higher drydock costs and increased fuel costs for vessels on a per unit shipped basis more than offsetting the increase in higher cargo volumes. For the nine month period, operating income increased as a result of higher cargo volumes only being partially offset by higher drydock expenses. Although management cannot predict changes in future volumes and cargo rates or to what extent changes in competition and economic conditions will impact net sales or operating income, it does expect this segment to remain profitable for the remainder of 2007, although lower than 2006.

Sugar and Citrus Segment

(Dollars in millions)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net sales	\$ 37.1	\$ 32.9	\$ 88.8	\$ 80.3
Operating income	\$ 3.5	\$ 4.6	\$ 10.2	\$ 12.4
Income (loss) from foreign affiliates	\$ (0.1)	\$ 0.0	\$ 0.1	\$ (1.1)

Net sales for the Sugar and Citrus segment increased \$4.2 million and \$8.5 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The increase for the quarter primarily reflects higher sugar prices and increased sales volumes from export sales. The increase for the nine months primarily reflects overall higher sugar prices partially offset by lower sales volume. Sales volumes decreased primarily from lower export sales as the result of fewer purchases of sugar from third parties for resale. Export prices increased during 2007 while Argentine prices increased to a lesser extent as 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. However, Seaboard expects to at least maintain its historical sales volume to Argentinean customers.

Operating income decreased \$1.1 million and decreased \$2.2 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The decreases are primarily the result of higher shipping and related costs incurred and expensed for the Citrus business during the third quarter of 2007 without related sales recognized as more citrus sales were deferred compared to the prior year. Such citrus sales are deferred until the final selling price is fixed and determinable, which should occur during the fourth quarter. The decrease for the nine months is also the result of higher administrative costs. Management expects operating income will remain positive for the remainder of 2007. A franchisee agreement was cancelled in the first quarter of 2006, which resulted in a loss from foreign affiliates in the amount of \$1.1 million.

Power Segment

(Dollars in millions)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net sales	\$ 26.2	\$ 21.4	\$ 67.2	\$ 67.2
Operating income	\$ 2.6	\$ 1.1	\$ 4.6	\$ 6.2

Net sales for the Power segment increased \$4.8 million and remained constant for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The increase for the three month

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

period was the result of

15

higher rates attributable primarily to higher fuel costs, a component of pricing, and, to a lesser extent, increased power production. For the nine month period, increased power production was offset by lower rates during 2007. At times during early 2007 and throughout 2006, Seaboard's power production was restricted by the regulatory authorities in the Dominican Republic (DR). The DR regulatory body schedules production based on the amount of funds available to pay for the power produced and the relative costs of the power produced.

Operating income increased \$1.5 million and decreased \$1.6 million for the three and nine month periods of 2007, respectively, compared to the same periods of 2006. The increase for the three month period is primarily the result of higher rates being in excess of higher fuel costs. The decrease for the nine month period is primarily the result of lower rates while fuel costs remained about the same. Management cannot predict future fuel costs or the extent to which the regulatory authority will restrict Seaboard's future production of power, although management expects this segment to remain profitable for the remainder of 2007.

All Other

(Dollars in millions)	Three Months Ended		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Net sales	\$ 3.7	\$ 4.4	\$ 12.0	\$ 13.3
Operating income	\$ 0.0	\$ 0.6	\$ 0.6	\$ 2.0
Loss from foreign affiliate	\$ (0.3)	\$ (0.5)	\$ (1.7)	\$ (1.4)

Net sales and operating income decreased due to decreased volumes and increased production costs in the jalapeno pepper operations. The loss from foreign affiliate reflects Seaboard's share of losses from its equity method investment in a Bulgarian wine business. Management expects additional losses from the operations of this business for the remainder of 2007. See Note 8 to the Condensed Consolidated Financial Statements for further discussion of this business and intentions to sell the business.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased by \$3.6 million and \$14.7 million in the three and nine month periods of 2007, respectively, compared to the same periods of 2006. These increases are primarily the result of increased personnel costs principally related to the growth of the business. In addition, the increase for the nine month period is also a result of the \$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 5 to the Condensed Consolidated Financial Statements. As a percentage of revenues, SG&A decreased to 5.3% and 5.6% for the 2007 three and nine month periods, respectively, compared to 5.8% and 5.7% for the same periods in 2006 primarily as a result of increased sales in the Commodity Trading and Milling and Marine segments.

Interest Expense

Interest expense decreased \$1.4 million and \$4.8 million in the three and nine month periods of 2007, respectively, compared to the same periods of

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

2006 reflecting the lower average level of borrowings during 2007 and lower average interest rates.

Interest Income

Interest income decreased \$0.1 million and \$1.5 million in the three and nine month periods of 2007, respectively, compared to the same periods of 2006 primarily reflecting a decrease in interest received on outstanding customer receivable balances in the Power segment, partially offset, for the nine month period, by an increase in average funds invested.

Minority and Other Noncontrolling Interests

Minority and other noncontrolling interests expense decreased \$1.8 million and \$5.0 million in the three and nine month periods of 2007, respectively, compared to the same periods of 2006 primarily as a result of no longer having the minority interest associated with the Daily's acquisition due to the equity interest being repurchased by Seaboard effective January 1, 2007. See Note 2 to the Condensed Consolidated Financial Statements for further discussion.

Foreign Currency Gains (Losses)

Seaboard realized net foreign currency losses of \$1.2 million and \$2.6 million in the three and nine month periods of 2007, respectively, compared to losses of \$1.9 million and gains of \$0.5 million for the same periods in 2006. The changes for the three and nine month periods primarily relates to currency fluctuations in certain African operations of the Commodity Trading and Milling segment.

16

Miscellaneous, Net

Miscellaneous, net for the nine month period of 2007 includes a \$4.1 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. For the three and nine month period of 2006, miscellaneous, net included income of \$1.0 million and \$1.9 million, respectively, from the decrease in the value of the put option related to the Daily's acquisition. 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, which resulted in the put option obligation being reduced to zero as of December 31, 2006. For the nine month period of 2006, miscellaneous, net included a mark-to-market gain of \$3.4 million on interest rate exchange agreements. These interest rate agreements did not qualify as hedges for accounting purposes and all such agreements were terminated during the second quarter of 2006.

Income Tax Expense

The effective tax rate for the nine month period decreased during 2007 compared to 2006 primarily as a result of increased amounts of permanently deferred foreign earnings and lower amounts of domestic taxable income. 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 versus domestic income and change in valuation allowances resulting in a net benefit for the quarter.

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

OTHER FINANCIAL INFORMATION

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 (SFAS 157), "Fair Value Measurements". This statement establishes a single authoritative definition of fair value when accounting rules require the use of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. For Seaboard, SFAS 157 is effective for the fiscal year beginning January 1, 2008. Management believes the adoption of SFAS 157 will not have a material impact on Seaboard's financial position or net earnings.

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 provides companies with an option to report selected financial assets and liabilities at fair value. Seaboard will be required to adopt this statement as of January 1, 2008. Management believes the adoption of SFAS 159 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. 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 related to these items has not changed materially since December 31, 2006.

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 29, 2007. 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 29, 2007 that has materially affected, or is reasonably likely to materially affect, Seaboard's internal control over financial reporting.

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

Item 1. Legal Proceedings

On June 25, 2007, the United States District Court for the Western District of Oklahoma approved the September 11, 2006 Consent Decree Seaboard Foods entered into with the United States related to alleged violations of the Clean Water Act, the Comprehensive Environmental Response, Compensation & Liability Act and the Clean Air Act. On October 23, 2007, Seaboard Foods paid a civil penalty of \$105,000 and interest of \$199.36, and may be required to pay an additional \$150,000 in stipulated penalties. The interest and potential stipulated penalty payments result from a failure to timely pay the \$105,000 civil penalty, failure to timely submit a report to the United States and failure to fully complete a certain provision of the Consent Decree related to protection of wet depressional areas. Seaboard Foods was late in paying and failed to comply with the other provisions described above because of outside counsel's failure to notify Seaboard Foods of the court approval of the Consent Decree. Seaboard Foods learned of entry of the Consent Decree on October 19, 2007, immediately reported the Consent Decree violations to the United States and was back in compliance with all provisions of the Consent Decree by October 23, 2007. Seaboard Foods had paid a portion of the civil penalty provided in the Consent Decree in October 2006 by paying \$100,000 to participate in the National AFO/CAFO Air Emissions Agreement, which provides Seaboard Foods a safe harbor against any past violations of the Clean Air Act, if any.

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, 2006.

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
July 1 to July 31, 2007	-	n/a	n/a	\$50,000,000
August 1 to August 31, 2007	2,157	\$ 2,001.17	2,157	\$45,683,469
September 1 to September 29, 2007	6,486	\$ 2,085.13	6,486	\$32,159,314
Total	8,643	\$ 2,064.18	8,643	\$32,159,314

All purchases during the quarter were made under the authorization from our Board of Directors to purchase up to \$50 million shares 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

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

- 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

18

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, 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 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 and demand for power, related spot market prices and collectibility of receivables in the Dominican Republic, (viii) the effect of the fluctuation in exchange rates for the Dominican Republic peso, (ix) statements concerning profitability or sales volume of any of Seaboard's segments, (x) the anticipated costs and completion timetable for Seaboard's scheduled capital improvements, or (xi) 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.

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.

19

Edgar Filing: SEABOARD CORP /DE/ - Form 10-Q

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 2, 2007

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)