SEABOARD CORPORATION

2009 Annual Report

Description of Business

Seaboard Corporation is a diversified international agribusiness and transportation company. In the United States, Seaboard is primarily engaged in pork production and processing, and ocean transportation. Overseas, Seaboard is primarily engaged in commodity merchandising, grain processing, sugar production, and electric power generation.

Table of Contents

Letter to Stockholders.......... 2
Division Summaries.......... 4
Principal Locations.......... 6
Summary of Selected Financial Data.......... 7
Company Performance Graph.......... 8
Quarterly Financial Data (unaudited).......... 9
Management's Discussion & Analysis of Financial Condition and Results of Operations.......... 10
Management's Responsibility for Consolidated Financial Statements.......... 25
Management's Report on Internal Control over Financial Reporting.......... 25
Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements.......... 26
Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting... 27
Consolidated Statements of Earnings.......... 28
Consolidated Balance Sheets.......... 29
Consolidated Statements of Cash Flows.......... 30
Consolidated Statements of Changes in Equity.......... 31
Notes to Consolidated Financial Statements.......... 32
Stockholder Information.......... 60

This report, including information included or incorporated by reference in this report, contains certain 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 the 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 certain circumstances, (v) the volume of business and working capital requirements associated with the competitive trading environment for the Commodity Trading and Milling segment, (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 a current cost basis and the related contract performance by customers, (ix) the effect of the fluctuation in foreign currency exchange rates, (x) statements concerning profitability or sales volume of any of Seaboard's segments, (xi) the anticipated costs and completion timetable for Seaboard's scheduled capital improvements, acquisitions and dispositions, (xii) the impact from the H1N1 flu incident on the demand and overall market prices for pork products or (xiii) other trends affecting Seaboard's financial condition or results of operations, and statements of the assumptions underlying or relating to any of the foregoing statements.

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

S E A B O A R D   C O R P O R A T I O N

Letter to Stockholders

This was a challenging year for us financially as we suffered through both the general worldwide recession plus certain industry and country specific disruptions. With operations in 39 countries in a broad mix of industries, it is practically impossible to hit on all cylinders; on the other hand, this diversification fuels our growth and reduces volatility in our financial results. Globally, we can always count on supply and demand imbalances, political and economic disruptions and extraordinary natural and man-made disasters to create both challenges and opportunities. Controlling those areas which are within our control namely, quality of product, service and costs, and maintaining an effective operating environment and a well-defined culture, remain our goal at Seaboard. In this regard, we have not wavered in 2009.

Although net income for 2009 was down 37% from 2008, operating income, a more indicative reflection of performance, was down 80% year to year, from $121.8 million to $23.7 million. Gross margins have narrowed overall and we are mindful of the trend of our increased general and administrative expenses. Our balance sheet remains extremely strong with plenty of liquidity to fund working capital increases, weather unexpected losses and make substantial investments should opportunities arise. Over the last four years, we have spent almost $440 million in capital improvements to drive growth and to keep us operationally efficient and cost effective. We continue to monitor the marketplace in search of investments which are strategic and long-term in nature in hopes of finding complementary and synergistic businesses to augment our existing portfolio.

It's hard to imagine a more chaotic year than 2008 but 2009 proved to be even more extraordinary for us. Specifically, we suffered through the havoc created by the H1N1 virus as it impacted the entire protein sector, including Seaboard Foods. This resulted in a sharp reduction in prices and volumes for several months. In addition, political forces took their toll in certain countries: in Argentina, with domestic price controls; in Venezuela, with nationalization of certain ports of call and in the U.S., with the increased role and impact of the federal government in the economy and commercial markets. Although each of these events affected us negatively, our diversification in business segments and geographic locations allowed us to cushion the blow and no single event caused irreparable or irreversible damage. As we expand our reach worldwide and broaden our interests, the probability of adverse incidents increases but with a lesser impact on the company overall.

While pork processing and further processing margins continued to produce good results, losses from hog production more than offset those positive results. The H1N1 flu and recessionary factors contributed to lower product prices by reducing overall demand. While 2009 was a difficult year for everyone in the industry, we remain extremely confident that the attributes of vertical integration such as food safety, product quality and consistency will provide us a competitive advantage over the long-term. Hog producers cannot sustain continued losses and although processors know this, competing meats, uncertainty in the export markets and permanent changes in feed grain usage/demand have resulted in an environment which has created volatility in our earnings. Ultimately, we believe the US will adapt to these changes by continuing to enlarge the supply of grain and by satisfying protein demand through efficient animal production and processing.

Including our marketing agreement with Triumph Foods, Seaboard Foods markets about 9% market share of all pork processed in the U.S., making us the fourth largest pork processor. We are also the second largest hog producer in the U.S. It is our intention to leverage this position to capture additional margins with a broader mix of value-added products, retail alliances and further processing activities.

Aside from these macro issues, we continue to launch new products for foodservice and retail markets in both the U.S. and abroad. With consistent quality, food safety and farm to market identification, we expect our vertically integrated system to continue to provide us significant opportunities as these issues become more and more important to end consumers in both domestic and export markets. We are hopeful that the toughest times are behind us.

Ocean transportation is one of the best indicators in gauging the health of the global economy and multi-lateral trade. Consistent with the worldwide recession and contracted global trade, both Seaboard Marine volumes and overall freight rates decreased in 2009. The strength of our many trade lanes depends on the health of tourism, textiles, mining and GNP growth in the Caribbean Basin and Latin America. This year marked the first decrease in year-over-year unit volumes for Seaboard Marine in over a decade. Many of our global competitors have suffered enormous losses over the last year due to shrinking trade volumes and overcapacity. Price wars ensued early in the year seemingly without regard for financial consequences. As trade patterns began to stabilize, shipping companies throughout the world began the process of reducing capacity in a variety of ways to match trade volumes. Due to reduced demand, ship charter rates decreased significantly and we were able to take advantage of these cost savings. Over the last several years, we have upgraded our container fleet and cargo handling equipment and with the decline in ship values, we continue to reconfigure our fleet through a combination of chartered and owned tonnage. This is a great opportunity to utilize more modern, efficient and versatile vessels.

Sadly, our weekly service into Port-au-Prince, Haiti was interrupted by the devastating earthquake on January 12, 2010. We are currently maintaining our service via a twice weekly feeder vessel from Kingston, Jamaica through the

Letter to Stockholders

temporary use of a sister company's grain berth in Laffiteau, Haiti. Despite the tragedy, it has been gratifying to see Seaboard Marine and Commodity Trading and Milling (CT&M) work together to quickly and creatively provide the transportation and discharge facilities needed for critical relief and commercial cargoes.

Although many shipping lines drastically scaled back and suffered tremendous financial losses in 2009, Seaboard Marine stayed the course. All routes were maintained at a high service level. The philosophy of creative and responsive customer service will continue. Having created a network of strong port to port connections throughout the Caribbean Basin and Latin America over the years, Seaboard Marine remains well positioned to take advantage of growing trade volumes within the Western Hemisphere as the world economy recovers.

2009 proved to be another outstanding year for CT&M, an impressive result given the panic at the beginning of the year with commodity prices in a freefall. Maintaining normal inventory and forward positions for our grain processing facilities had a negative impact on earnings. However, our access to liquidity and lower replacement cost inputs allowed our operations to retain solid margins. The quick rebound in the freight markets also supported CT&M's earnings as our ocean freight ownership contributed to bottom line results.

CT&M continues to expand its trading business to satisfy affiliate and third party raw material requirements by opening up new origins of supply, improving logistics through greater control of vessel transportation and modernizing port infrastructures. In lesser developed countries, controlling as many components of the supply chain as possible becomes critical to quality of service. Toward this end, we have opened commodity and freight trading offices in Europe, Latin America and the U.S. and we continue to pursue potential investments in selected grain origination markets. In addition, we are expanding our presence in specialty commodities through investments in infrastructure in Canada, rice milling assets in Guyana and a trading company acquisition which we expect to close in the near future. This year we have been successful in further integrating our milling and trading businesses by moving more products through our destination markets. This affords us a greater degree of security and product integrity. In 2010, we plan to further expand this model to move more cargo through our sister division, Seaboard Marine, and thus exercise more transactional control of our commodity trade.

CT&M plans to pursue the expansion of its industrial operations through the acquisition or green-field development of additional grain based businesses, down-stream industries such as poultry, baking and pasta and the expansion and renovation of our existing mill capacity in several markets. Our grain processing facilities remain a critical piece of our integrated supply chain model.

Tragically, the massive earthquake in Haiti took the lives of 15 employees of Les Moulins d' Haiti, our non-consolidated milling operation near Port-au-Prince. Fortunately, the warehouse and storage facilities remain operational and adequate insurance coverage was in place allowing Les Moulins d' Haiti to rebuild and expand capacity. We expect to resume milling operations in early 2011. Many of our employees and their families have lost their homes and suffered terribly as a result of this disaster. It is our intention to continue to support our employees in part through continued employment to support general cargo handling and flour merchandising through our private port facilities.

Tabacal has made significant progress toward maximizing the long-term value of its land and assets through the conversion of sugar cane into sugar, alcohol and energy. Despite some minor setbacks, this business should be well positioned to take advantage of an improved world sugar and alcohol outlook. In the latter half of 2009, world sugar prices rose sharply. This was triggered by India's short crop and continued competition for sugar cane from ethanol. In particular, Brazilian sugar production continues to compete directly with ethanol demand for domestic and export consumption and sugar prices have risen in tandem with those of virtually all fossil fuel sources. Similarly, Argentina has recently implemented a program requiring the blending of ethanol into gasoline. This government program should help develop alcohol as a much needed source of energy as well as help stabilize the financial returns for land use.

Although we have seen a troubling decline in operating income over the last five years, we are not demoralized. In fact, in the face of these uncertain times, our diversified and integrated structure has proven to be a durable and sustainable model. Moreover, our success stems from the people who have devoted their careers to Seaboard, who, I believe, display a genuine sense of ownership and pride. Our people have helped to successfully carry us through good times and bad. In consistently adhering to the goal of producing quality products and services to our customers, maintaining a competitive spirit and conducting ourselves with professionalism, integrity and respect, we should continue to enjoy a good measure of success.

Steven J. Bresky
President and
Chief Executive Officer

Division Summaries

Pork Division

Seaboard's Pork Division is one of the largest vertically integrated pork processors in the United States. Seaboard is able to control animal production and processing from research and development in nutrition and genetics, to the production of high quality meat products at our processing facility.

Seaboard's processing facility is located in Guymon, Oklahoma. The facility has a daily double shift capacity to process approximately 18,500 hogs and generally operates at capacity with additional weekend shifts depending on market conditions. Seaboard produces and sells fresh and frozen pork products to further processors, foodservice operators, grocery stores, distributors and retail outlets throughout the United States. Seaboard also sells to distributors and further processors in Japan, Mexico and other foreign markets. Hogs processed at the plant principally include Seaboard raised hogs as well as hogs raised by third parties purchased under contract and in the spot market.

Seaboard's hog production facilities consist of genetic and commercial breeding, farrowing, nursery and finishing buildings located in Oklahoma, Kansas, Texas and Colorado. These facilities have a capacity to produce approximately 4.0 million hogs annually. Seaboard owns and operates six centrally located feed mills to provide formulated feed to these facilities.

Seaboard's Pork Division also owns two bacon processing plants located in Salt Lake City, Utah and Missoula, Montana. The processing plants produce sliced and pre-cooked bacon primarily for food service. These operations enabled Seaboard to expand its integrated pork model into value-added products and to enhance its ability to extend production to include other further processed pork products.

In the second quarter of 2008, Seaboard commenced production of biodiesel at a facility constructed in Guymon, Oklahoma. The biodiesel is produced from pork fat from Seaboard's Guymon pork processing plant and from animal fat supplied by non-Seaboard facilities. The biodiesel is sold to third parties. The facility can also produce biodiesel from vegetable oil. Also, during 2009 Seaboard completed construction of and began operations at a majority-owned ham-boning and processing plant in Mexico.

Seaboard's Pork Division has an agreement with a similar size pork processor, Triumph Foods LLC (Triumph), to market all of the pork products produced at Triumph's plant in St. Joseph, Missouri. Pursuant to this agreement, Seaboard is able to provide the same quality products to its customers that are produced in its own facilities. Seaboard markets the pork products for a fee primarily based on the number of head processed by Triumph Foods and is entitled to be reimbursed for certain expenses.

Commodity Trading & Milling Division

Seaboard's Commodity Trading & Milling Division markets wheat, corn, soybean meal, rice and other similar commodities in bulk overseas to third party customers and affiliated companies. These commodities are purchased worldwide with primary destinations in Africa, South America, and the Caribbean.

The division annually sources, transports and markets up to approximately 4.5 million metric tons of wheat, corn, soybean meal, rice and other related commodities to the food and animal feed industries. The division efficiently provides quality products and reliable services to industrial customers in selected markets. Seaboard integrates the delivery of commodities to its customers primarily through the use of company owned and chartered bulk carriers.

Seaboard's Commodity Trading and Milling Division has facilities in 17 countries. The commodity trading business operates through eight offices in seven countries and one non-consolidated affiliate location in South America. The grain processing businesses operate facilities at 24 locations in 12 countries and include four consolidated and nine non-consolidated affiliates in Africa, South America, and the Caribbean. These businesses produce approximately 2.5 million metric tons of finished product per year.

Division Summaries

Marine Division

Seaboard's Marine Division provides containerized shipping service between the United States, the Caribbean Basin, and Central and South America. Seaboard's primary operations, located in Miami, include a 135,000 square-foot off-port warehouse for cargo consolidation and temporary storage and an 81 acre terminal at the Port of Miami. At the Port of Houston, Seaboard operates a 62 acre cargo terminal facility that includes approximately 690,000 square feet of on-dock warehouse space for temporary storage of bagged grains, resins and other cargoes. Seaboard also makes scheduled vessel calls to Brooklyn, New York, Fernandina Beach, Florida, New Orleans, Louisiana and 40 foreign ports.

Seaboard's marine fleet consists of 12 owned and approximately 22 chartered vessels, as well as dry, refrigerated and specialized containers and other related equipment. Seaboard is the largest shipper in terms of cargo volume to and from the Port of Miami. Seaboard Marine provides direct service to 25 countries. Seaboard also provides extended service from our domestic ports of call to and from multiple foreign destinations through a network of connecting carrier agreements with major regional and global carriers.

To maximize fleet utilization, Seaboard uses a network of offices and agents throughout the United States, Canada, Latin America, and the Caribbean Basin to book both northbound and southbound cargo to and from the United States and between the countries it serves. Seaboard's full service capabilities, including agreements with a network of connecting carriers, allow transport by truck or rail of import and export cargo to and from various U.S. ports. Seaboard's frequent sailings and fixed-day schedules make it convenient for customers to coordinate manufacturing schedules and maintain inventories at cost-efficient levels. Seaboard's approach is to work in partnership with its customers to provide the most reliable and effective level of service throughout the United States, Latin America and the Caribbean Basin and between the countries it serves.

Other Divisions

In Argentina, Seaboard is involved in the production and refining of sugar. The sugar is primarily marketed locally with some exports to the United States, other South American countries and Europe. Seaboard's mill, one of the largest in Argentina, has a processing capacity of approximately 250,000 metric tons of sugar and approximately 14 million gallons of alcohol (hydrated and dehydrated) per year. The mill is located in the Salta Province of northern Argentina with administrative offices in Buenos Aires. Approximately 60,000 acres of land owned by Seaboard in Argentina is planted with sugar cane, which supplies the majority of the raw product processed by the mill. Depending on local market conditions, sugar may also be purchased from third parties for resale. During 2008 this division began construction of a 40 megawatt cogeneration power plant, which is expected to be completed in the third quarter of 2010. In addition, in the first quarter of 2010, the Company began sales of dehydrated alcohol to certain local oil companies under the national bio-ethanol program which requires alcohol to be blended with gasoline.

Seaboard owns two floating electric power generating facilities in the Dominican Republic, consisting of a system of diesel engines mounted on barges with a combined rated capacity of approximately 112 megawatts. Seaboard operates as an independent power producer generating electricity for the local power grid. Seaboard is not directly involved in the transmission or distribution of electricity but does have contracts to sell directly to third party users. Electricity is sold under contract to certain large commercial users, under a short-term contract that expires at the end of March 2010 with a government-owned distribution company and on the spot market that is accessed by three wholly government-owned distribution companies and limited others. On March 2, 2009, an agreement became effective under which Seaboard will sell the two barges. The agreement calls for the sale to occur on or around January 1, 2011. Completion of the sale is dependent upon the satisfaction of several conditions, including meeting certain baseline performance and emission tests. Failure to satisfy or cure any deficiencies could result in the agreement being terminated. Seaboard is considering options to continue its power business in the Dominican Republic after the sale of these assets is completed.

Seaboard processes jalapeño peppers at its plant in Honduras. These products are shipped to the United States on Seaboard Marine vessels and distributed from Seaboard's port facilities.

S E A B O A R D   C O R P O R A T I O N

Principal Locations

Corporate Office

Seaboard Corporation
Merriam, Kansas

Pork

Seaboard Foods LLC
Pork Division Office
Merriam, Kansas

Processing Plant
Guymon, Oklahoma

Live Production Operation Offices
Julesburg, Colorado
Hugoton, Kansas
Leoti, Kansas
Liberal, Kansas
Rolla, Kansas
Guymon, Oklahoma
Hennessey, Oklahoma
Optima, Oklahoma

Processed Meats
Salt Lake City, Utah
Missoula, Montana

High Plains Bioenergy, LLC
Guymon, Oklahoma

Seaboard de Mexico USA LLC
Mexico

Commodity Trading & Milling

Commodity Trading Operations
Bermuda
Colombia
Ecuador
Greece
Miami, Florida
*Peru**
South Africa
Switzerland

Fairfield Rice Inc.*
Guyana

Les Moulins d'Haiti S.E.M.*
Haiti

Lesotho Flour Mills Limited*
Lesotho

Life Flour Mill Ltd.*
Premier Feeds Mills Company Limited*
Nigeria

Minoterie de Matadi, S.A.R.L.*
Democratic Republic of Congo

Minoterie du Congo, S.A.
Republic of Congo

Moderna Alimentos, S.A.*
Molinos Champion, S.A.*
Ecuador

National Milling Company of Guyana, Inc.
Guyana

National Milling Corporation Limited
Zambia

Rafael del Castillo & Cia. S.A. *
Colombia

Seaboard West Africa Limited
Sierra Leone

Unga Holdings Limited*
Kenya and Uganda

Marine

Seaboard Marine Ltd.
Marine Division Office
Miami, Florida

Port Operations
Brooklyn, New York
Fernandina Beach, Florida
Houston, Texas
Miami, Florida
New Orleans, Louisiana

Agencias Generales Conaven, C.A.
Venezuela

Agencia Maritima del Istmo, S.A.
Costa Rica

Cayman Freight Shipping Services, Ltd.
Cayman Islands

JacintoPort International LLC
Houston, Texas

Representaciones Maritimas y Aereas, S.A.
Guatemala

Sea Cargo, S.A.
Panama

Seaboard de Colombia, S.A.
Colombia

Seaboard de Nicaragua, S.A.
Nicaragua

Seaboard del Peru, S.A.
Peru

Seaboard Freight & Shipping Jamaica Limited
Jamaica

Seaboard Honduras, S.de R.L. de C.V.
Honduras

Seaboard Marine Bahamas Ltd.
Bahamas

Seaboard Marine (Trinidad) Ltd.
Trinidad

Seaboard Marine of Haiti, S.E.
Haiti

SEADOM, S.A.
Dominican Republic

SeaMaritima S.A. de C.V.
Mexico

Sugar

Ingenio y Refineria San Martin del Tabacal SRL
Argentina

Power

Transcontinental Capital Corp. (Bermuda) Ltd.
Dominican Republic

Other

Mount Dora Farms de Honduras, S.R.L.
Honduras

Mount Dora Farms Inc.
Houston, Texas

*Represents a non-controlled, non-consolidated affiliate

Summary of Selected Financial Data

	Years ended December 31,				
(Thousands of dollars except per share amounts)	2009	2008	2007	2006	2005
Net sales	$ 3,601,308	$ 4,267,804	$ 3,213,301	$ 2,707,397	$ 2,688,894
Operating income	$ 23,723	$ 121,809	$ 169,915	$ 296,995	$ 320,045
Net earnings attributable to Seaboard	$ 92,482	$ 146,919	$ 181,332	$ 258,689	$ 266,662
Basic earnings per common share	$ 74.74	$ 118.19	$ 144.15	$ 205.09	$ 212.20
Diluted earnings per common share	$ 74.74	$ 118.19	$ 144.15	$ 205.09	$ 211.94
Total assets	$ 2,337,133	$ 2,331,361	$ 2,093,699	$ 1,961,433	$ 1,816,321
Long-term debt, less current maturities	$ 76,532	$ 78,560	$ 125,532	$ 137,817	$ 201,063
Stockholders' equity	$ 1,545,419	$ 1,463,578	$ 1,355,199	$ 1,242,410	$ 1,013,904
Dividends per common share	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00

Seaboard Corporation, and affiliated companies in its Commodity Trading and Milling segment, resolved a dispute with a third party related to a 2005 transaction. As a result, Seaboard Overseas Limited received $16,787,000, net of expenses, or $13.57 per common share in the third quarter of 2009 included in other income. There was no tax expense on this transaction. See Note 11 to the Consolidated Financial Statements for further discussion.

As of December 31, 2006, Seaboard adopted Statement of Financial Accounting Standard No. 158 (SFAS 158), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The adoption of SFAS 158 reduced stockholders equity by $25,014,000 as an adjustment to Accumulated Other Comprehensive Loss. See Note 10 to the Consolidated Financial Statements for further discussion.

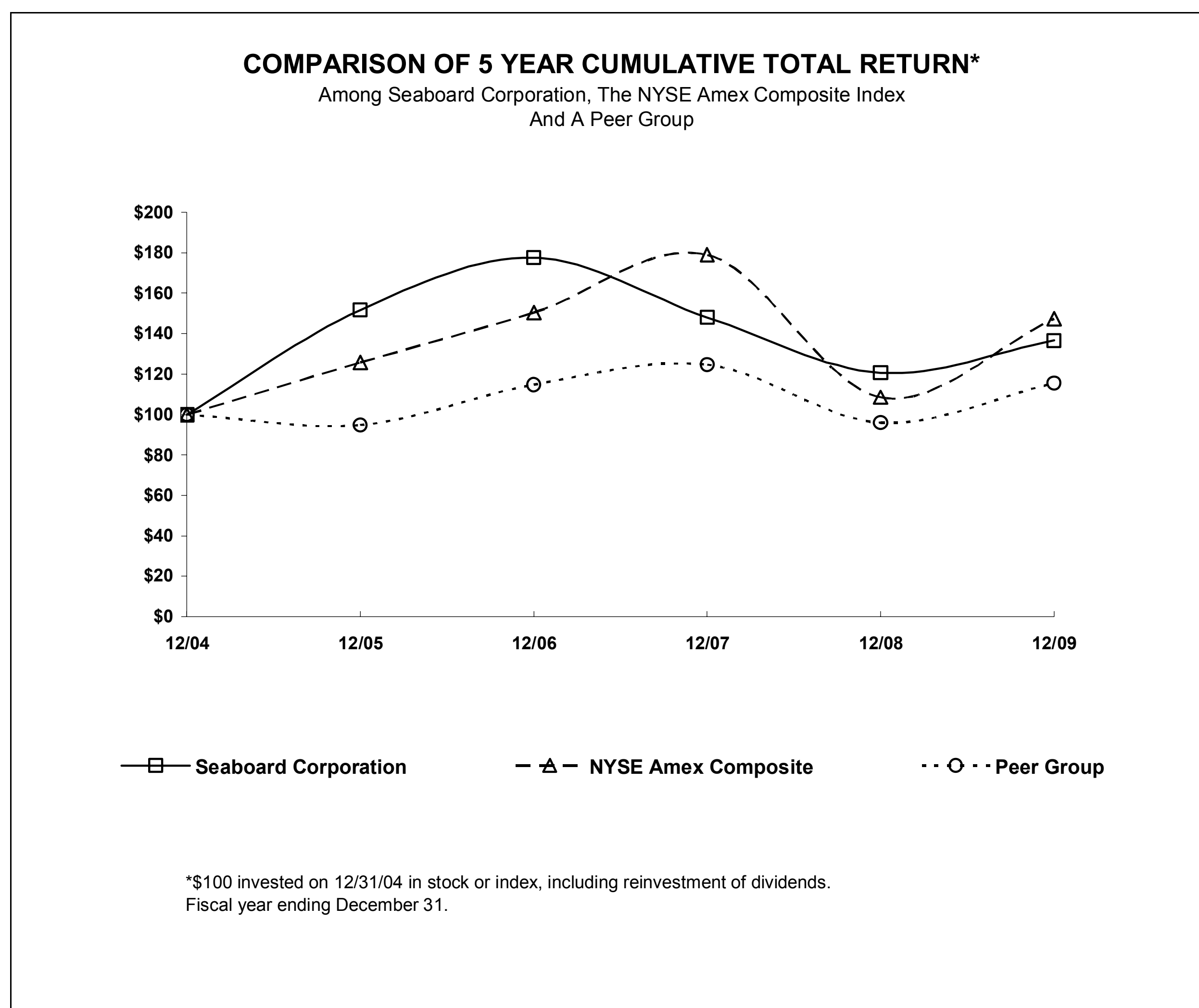
In the fourth quarter of 2005, Seaboard made a one-time election to repatriate previously permanently invested foreign earnings resulting in a total tax expense of approximately $11,586,000, recognized a tax benefit of $21,428,000 for the finalization of certain tax years as a result of a settlement with the Internal Revenue Service and recognized a tax benefit of $4,977,000 as a result of an agreement with the Puerto Rican Treasury department that favorably resolved certain prior years' tax issues. The net effect of these events was an increase in net earnings of $14,819,000, or $11.78 per common share on a diluted earnings basis for the year. See Note 7 of the Consolidated Financial Statements for further discussion.

In January 2005, Seaboard agreed to a tax settlement related to prior year tax returns resulting in a tax benefit of $14,356,000, or $11.44 per common share, which was recognized in the fourth quarter of 2004.

Company Performance Graph

The Securities and Exchange Commission requires a five-year comparison of stock performance for Seaboard with that of an appropriate broad equity market index and similar industry index. Seaboard's common stock is traded on the NYSE Amex Equities (formerly the NYSE Alternext US) and provides an appropriate comparison for Seaboard's stock performance. Because there is no single industry index to compare stock performance, the companies comprising the Dow Jones Food and Marine Transportation Industry indices (the "Peer Group") were chosen as the second comparison.

The following graph shows a five-year comparison of cumulative total return for Seaboard, the NYSE Amex Equities Index and the companies comprising the Dow Jones Food and Marine Transportation Industry indices weighted by market capitalization for the five fiscal years commencing December 31, 2004, and ending December 31, 2009. The information presented in the performance graph is historical in nature and is not intended to represent or guarantee future returns.



The comparison of cumulative total returns presented in the above graph was plotted using the following index values and common stock price values:

	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
Seaboard Corporation	$100.00	$151.74	$177.61	$148.15	$120.61	$136.64
NYSE Amex Equities	$100.00	$125.80	$150.40	$178.95	$108.56	$147.27
Peer Group	$100.00	$ 94.79	$114.71	$124.67	$ 95.96	$115.61

SEABOARD CORPORATION

Quarterly Financial Data (unaudited)

(UNAUDITED) *(Thousands of dollars except per share amounts)*	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total for the Year
2009					
Net sales	$ 917,568	$ 869,830	$ 854,625	$ 959,285	$ 3,601,308
Operating income	$ 16,042	$ 2,769	$ (2,679)	$ 7,591	$ 23,723
Net earnings attributable to Seaboard	$ 15,973	$ 26,919	$ 36,715	$ 12,875	$ 92,482
Earnings per common share	$ 12.89	$ 21.76	$ 29.69	$ 10.41	$ 74.74
Dividends per common share	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 3.00
Closing market price range per common share:					
High	$ 1,215.00	$ 1,285.00	$ 1,382.82	$ 1,549.00	
Low	$ 805.00	$ 935.00	$ 1,040.00	$ 1,172.00	
2008					
Net sales	$ 993,668	$ 999,951	$ 1,131,691	$ 1,142,494	$ 4,267,804
Operating income	$ 59,382	$ 3,096	$ 31,714	$ 27,617	$ 121,809
Net earnings attributable to Seaboard	$ 70,027	$ 20,963	$ 32,905	$ 23,024	$ 146,919
Earnings per common share	$ 56.28	$ 16.85	$ 26.47	$ 18.55	$ 118.19
Dividends per common share	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 3.00
Closing market price range per common share:					
High	$ 1,645.00	$ 1,854.00	$ 1,826.00	$ 1,359.00	
Low	$ 1,251.00	$ 1,470.00	$ 1,210.00	$ 795.00	

Seaboard Corporation, and affiliated companies in its Commodity Trading and Milling segment, resolved a dispute with a third party related to a 2005 transaction. As a result, Seaboard Overseas Limited received $16,787,000, net of expenses, or $13.57 per common share in the third quarter of 2009 included in other income. There was no tax expense on this transaction. See Note 11 to the Consolidated Financial Statements for further discussion.

During the first and second quarters of 2009, Seaboard repurchased 3,233 and 435 common shares respectively, as authorized by Seaboard's Board of Directors. During the first, third and fourth quarters of 2008, Seaboard repurchased 369, 2,390 and 1,093 common shares respectively, as authorized by Seaboard's Board of Directors. See Note 12 to the Consolidated Financial Statements for further discussion.

During the fourth quarter of 2008, Seaboard recorded an impairment charge of $7,000,000 ($4,270,000 net of tax), or $3.44 per share, related to the value of other intangible assets not subject to amortization. See Note 2 to the Consolidated Financial Statements for further discussion. Also during the fourth quarter of 2008, Seaboard recorded a write down of $5,653,000 ($4,940,000 net of tax), or $3.98 per share, for grain inventories related to its commodity trading business that are committed to various customers in foreign countries for which customer contract performance is a heightened concern. See Note 4 to the Consolidated Financial Statements for further discussion.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Seaboard is a diverse agribusiness and transportation company with global operations in several industries. Most of the sales and costs of Seaboard's segments are significantly influenced by worldwide fluctuations in commodity prices or changes in foreign political and economic conditions. Accordingly, sales, operating income and cash flows can fluctuate significantly from year to year. As each segment operates in unrelated industries and different geographical locations, management evaluates their operations separately. Seaboard's reporting segments are based on information used by Seaboard's Chief Executive Officer in his capacity as chief operating decision maker to determine allocation of resources and assess performance.

Pork Segment

The Pork segment is primarily a domestic business with some export sales to Japan, Mexico, and other foreign markets. Revenues from the sale of pork products are primarily generated from a single hog processing plant in Guymon, Oklahoma, which operates at daily double shift processing capacity of 18,500 hogs, two bacon further processing plants located in Salt Lake City, Utah and Missoula, Montana, and a ham-boning and processing plant in Mexico. In 2009, Seaboard raised approximately 75% of the hogs processed at the Guymon plant with the remaining hog requirements purchased primarily under contracts from independent producers. This segment is Seaboard's most capital intensive segment with approximately 62% of Seaboard's fixed assets and material dollar amounts for live hog inventories.

Of Seaboard's businesses, management believes the Pork segment also has the greatest exposure to commodity price fluctuations. As a result, this segment's operating income and cash flows can materially fluctuate from year to year, significantly affecting Seaboard's consolidated operating income and cash flows. Sales prices are directly affected by both domestic and worldwide supply and demand for pork products and other proteins. Feed costs are the most significant single component of the cost of raising hogs and can be materially affected by prices for corn and soybean meal. In addition, costs can be materially affected by market prices for hogs purchased from third parties for processing at the plant. As the Guymon plant operates at capacity, to improve operating income Seaboard is constantly working towards improving the efficiencies of the Pork operations as well as considering ways to increase margins by expanding product offerings.

The Pork segment also produces biodiesel to be sold to third parties. Biodiesel is produced from pork fat from Seaboard's Guymon pork processing plant and from animal fat provided by other parties. The processing plant also can produce biodiesel from vegetable oil. This plant was completed in the second quarter of 2008. See Note 6 to the Consolidated Financial Statements for discussion on the expired federal tax credits for the operation. Also, during 2009 Seaboard completed construction of and began operations at a majority-owned ham-boning and processing plant in Mexico.

The Pork segment has an agreement with a similar size pork processor, Triumph Foods LLC (Triumph), to market all of the pork products produced at Triumph's plant in St. Joseph, Missouri. The Pork segment markets the related pork products for a fee primarily based on the number of head processed by Triumph Foods. This plant has a capacity similar to that of Seaboard's Guymon plant and operates upon an integrated model similar to that of Seaboard's. Seaboard's sales prices for its pork products are primarily based on a margin sharing arrangement that considers the average sales price and mix of products sold from both Seaboard's and Triumph Food's hog processing plants.

Commodity Trading and Milling Segment

The Commodity Trading and Milling segment primarily operates overseas with locations in Africa, Bermuda, South America, the Caribbean and Europe. These foreign operations can be significantly impacted by local crop production, political instability, local government policies, economic and industry conditions, and currency fluctuations. This segment's sales are also significantly affected by fluctuating prices of various commodities, such as wheat, corn, soybean meal and rice. Although this segment owns eight ships, most of the third party trading business is transacted with chartered ships. Charter hire rates, influenced by available charter capacity for worldwide trade in bulk cargoes, and related fuel costs also affect business volumes and margins as they did during the recent period of extreme price volatility. The milling businesses, both consolidated and non-consolidated affiliates, operate in foreign and, in most cases, lesser developed countries. Subsidized wheat and flour exports can create fluctuating market conditions that can have a significant impact on both the trading and milling businesses' sales and operating income.

The majority of the Commodity Trading and Milling segment's sales pertain to the commodity trading business. Grain is sourced from domestic and international locations and delivery of grains to third party and affiliate customers in various international locations. The execution of these purchase and delivery transactions have long cycles of completion which may extend for several months with a high degree of price volatility. As a result, these factors can significantly affect sales volumes, operating income, working capital and related cash flows from quarter-to-quarter.

Seaboard concentrates on the supply of raw materials to its core milling operations and to third party commodity trades in support of these milling operations. Seaboard continues to seek opportunities in trading and milling businesses in order to achieve greater scale, volumes and profitability.

Marine Segment

The Marine segment provides containerized cargo shipping services primarily from the United States to 25 countries in the Caribbean Basin, Central and South America. As a result, fluctuations in economic conditions or unstable political situations in the regions or countries in which Seaboard operates can affect import/export trade volumes. When certain regions or countries experienced such conditions, Seaboard's volumes and operating profits were significantly affected. In addition, containerized cargo rates can fluctuate depending on local supply and demand for shipping services. This segment time-charters or leases the majority of its ocean cargo vessels and is thus affected by fluctuations in charter hire rates as well as fuel costs.

As a result of the recent global downturn in containerized trade, there soon could be distressed assets such as vessels and handling equipment available at attractive prices. Seaboard will carefully evaluate such opportunities. Seaboard also continues to explore ways to increase volumes on existing routes while seeking opportunities to broaden its route structure in the region.

Sugar Segment

Seaboard's Sugar segment operates a vertically integrated sugar complex in Argentina. This segment's sales and operating income are significantly affected by local and worldwide sugar prices. Yields from the Argentine sugar harvest can have an impact on the local price of sugar. Also, but to a lesser degree, price fluctuations in the world market can affect local sugar prices and export sales volumes and prices. Depending on local market conditions, this business purchases from third parties sugar for resale. Over the past several years, Seaboard made various modifications to this business to improve the efficiency of its operations and expand its sugar and alcohol operations. In the first quarter of 2010, the Company began sales of dehydrated alcohol to certain local oil companies under the national bio-ethanol program which requires alcohol to be blended with gasoline.

Prior to the first quarter of 2009, the Sugar segment was named Sugar and Citrus reflecting the citrus and related juice operations of this business. During the first quarter of 2009, management reviewed its strategic options for the citrus business in light of a continually difficult operating environment. In the first quarter of 2009, management decided not to process, package or market the 2009 harvest for the citrus and related juice operations. In the second quarter of 2009, management decided to integrate and transform some of the land previously used for citrus production into sugar cane production.

The functional currency of the Sugar segment is the Argentine peso. The currency exchange rate can have an impact on reported U.S. dollar sales, operating income and cash flows. Financing needs for the foreseeable future will remain high for this operation as a result of ongoing expansion of sugar production and construction of a 40 megawatt cogeneration power plant expected to be completed in the third quarter of 2010. Seaboard continues to explore ways to improve and expand its existing operations while considering other alternatives to expand this segment.

Power Segment

Seaboard's Power segment operates as an unregulated independent power producer in the Dominican Republic (DR) generating power from diesel engines mounted on two barges. This segment's financing needs have been minimal for the existing operations. During the past few years, operating cash flows have fluctuated from inconsistent customer collections. Seaboard has contracts to sell approximately 20% of the power it generates to certain government-approved commercial large users under long-term contracts. Seaboard also has a short-term contract that expires at the end of March 2010 for approximately 34% of its power with a government-owned distribution company. This short-term contract exposes Seaboard to a concentrated credit risk as the customer, from time to

time, has significant past due balances. Energy produced in excess of contracted amounts is sold on the spot market primarily to three wholly government-owned distribution companies or other power producers who lack sufficient power production to service their customers.

The DR regulatory body schedules power production based on the amount of funds available to pay for the power produced and the relative costs of the power produced. Fuel is the largest cost component, but increases in fuel prices generally have been passed on to customers. See Note 13 to the Consolidated Financial Statements for discussion on a pending sale of the two barges in the near future. Seaboard is considering options to continue its power business in the Dominican Republic after the sale is completed. In addition, from time to time Seaboard pursues additional investment opportunities in the power industry.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Sources and Uses of Cash

Cash and short-term investments as of December 31, 2009 increased $95.9 million from December 31, 2008. The increase was the result of cash generated by operating activities of $246.4 million, $16.8 million received from a gain on a disputed sale as discussed in Note 11 to the Consolidated Financial Statements and $15.0 million received for the potential sale of power barges, as discussed in Note 13 to the Consolidated Financial Statements. During 2009, cash was used to reduce notes payable by $95.1 million, to reduce long-term debt by $46.9 million and for capital expenditures of $54.3 million. Cash from operating activities for 2009 increased $135.1 million compared to 2008, primarily as a result of decreases in working capital items of accounts receivable and inventory in 2009 compared to increases in 2008, partially offset by lower net earnings in 2009 compared to 2008.

Cash and short-term investments as of December 31, 2008 increased $39.3 million from December 31, 2007, while cash from operating activities was $111.3 million for 2008. The increase was primarily the result of the combination of cash from operating activities, an increase in notes payable of $79.4 million in excess of cash used for capital expenditures of $134.6 million, scheduled principal payments of long-term debt of $11.7 million and $5.0 million used to repurchase common stock as discussed in Note 12 to the Consolidated Financial Statements. Cash from operating activities for 2008 decreased $34.6 million compared to 2007, primarily reflecting lower net earnings for the year.

Capital Expenditures, Acquisitions and Other Investing Activities

During 2009 Seaboard invested $54.3 million in property, plant and equipment, of which $15.2 million was expended in the Pork segment, $14.7 million in the Marine segment, $21.6 million in the Sugar segment and $2.8 million in the remaining businesses. For the Pork segment, the expenditures were primarily for improvements to existing hog facilities, upgrades to the Guymon pork processing plant and construction of the ham-boning and processing plant in Mexico. The ham-boning and processing plant was completed in the second quarter of 2009. For the Marine segment, $10.3 million was spent to purchase cargo carrying and handling equipment. In the Sugar segment, $13.8 million was used for development of the cogeneration power plant with the remaining capital expenditures primarily being used for expansion of cane growing operations. All other capital expenditures were primarily of a normal recurring nature and primarily included replacement of machinery and equipment, and general facility modernizations and upgrades.

The total 2010 capital expenditures budget is $90.3 million. The Pork segment plans to spend $16.9 million primarily for improvements to existing facilities and related equipment. The Marine segment has budgeted to spend $34.1 million primarily for additional cargo carrying and handling equipment and port development projects. In addition, management will be evaluating whether to purchase additional containerized cargo vessels for the Marine segment and dry bulk vessels for the Commodity Trading and Milling segment during 2010. The Sugar segment plans to spend $25.7 million, including $12.2 million for the continued development of a 40 megawatt cogeneration power plant, with the remaining amount for normal upgrades to existing operations. The cogeneration power plant is expected to be operational by the third quarter of 2010 for a total constructed cost of $37.2 million. The balance of $13.6 million is planned to be spent in all other businesses. Management anticipates paying for these capital expenditures from available cash, the use of available short-term investments or Seaboard's available borrowing capacity. As of December 31, 2009 Seaboard had commitments of $18.7 million to spend on construction projects, purchase equipment, and make facility improvements.

During 2008 Seaboard invested $134.6 million in property, plant and equipment, of which $52.6 million was expended in the Pork segment, $46.3 million in the Marine segment, $31.0 million in the Sugar segment and $4.7 million in the remaining businesses. For the Pork segment, $12.8 million was spent constructing additional hog finishing space, $9.3 million was spent on the construction of a biodiesel plant and $8.2 million was spent on the ham-boning and processing plant. For the Marine segment, $36.5 million was spent to purchase cargo carrying and handling equipment. In the Sugar segment, $10.4 million was used for development of the cogeneration power plant with the remaining capital expenditures being used primarily for expansion of alcohol distillery operations and expansion of cane growing operations. All other capital expenditures were primarily of a normal recurring nature and primarily included replacement of machinery and equipment, and general facility modernizations and upgrades.

During 2007 Seaboard invested $164.2 million in property, plant and equipment, of which $78.1 million was expended in the Pork segment, $3.0 million in the Commodity Trading and Milling segment, $61.0 million in the Marine segment, $21.4 million in the Sugar segment and $0.7 million in the remaining businesses. For the Pork segment, $31.7 million was spent on the construction of a biodiesel plant and $22.9 million was spent constructing additional hog finishing space. For the Marine segment, $21.8 million was spent to purchase two containerized cargo vessels and $21.4 million was spent to purchase cargo carrying and handling equipment. In the Sugar segment, the capital expenditures were primarily used for expansion of cane growing operations, various improvements to the sugar mill and expansion of alcohol distillery operations. All other capital expenditures were primarily of a normal recurring nature and primarily included replacements of machinery and equipment, and general facility modernizations and upgrades.

On March 2, 2009, an agreement became effective under which Seaboard will sell its two power barges in the Dominican Republic on or around January 1, 2011 for $70.0 million. During March 2009, $15.0 million was paid to Seaboard and the $55.0 million balance of the purchase price was paid into escrow and will be paid to Seaboard at the closing of the sale. See Note 13 to the Consolidated Financial Statements for further discussion.

In late September 2007, Seaboard acquired for $8.5 million a 40% non-controlling interest, including cash contributed into the business, in a flour milling business located in Colombia. During the fourth quarter of 2007, Seaboard acquired for $6.6 million a 50% non-controlling interest in a grain trading business in Peru. Both investments are accounted for using the equity method.

In January 2007, Seaboard repurchased the 4.74% equity interest in its subsidiary, Seaboard Foods LLC, from the former owners of Daily's. As part of the Purchase Agreement, on January 2, 2007 Seaboard paid $30.0 million of the purchase price for the 4.74% equity interest to the former owners of Daily's. 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, LLC. See Note 2 to the Consolidated Financial Statements for further discussion.

Financing Activities, Debt and Related Covenants

In the fourth quarter of 2009, Seaboard obtained letter of credit financing that replaced existing letters of credit resulting in an increase to borrowing capacity by approximately $16.3 million.

The following table represents a summary of Seaboard's available borrowing capacity as of December 31, 2009. At December 31, 2009, there were no borrowings outstanding under the committed lines of credit and borrowings under the uncommitted lines of credit totaled $33.8 million, all related to foreign subsidiaries. Letters of credit reduced Seaboard's borrowing capacity under its committed and uncommitted credit lines by $41.7 million and $3.8 million, respectively, primarily representing $26.4 million for Seaboard's outstanding Industrial Development Revenue Bonds and $16.8 million related to insurance coverage. Also included in notes payable at December 31, 2009 was a term note of $47.5 million denominated in U.S. dollars.

(Thousands of dollars)	Total amount available
Long-term credit facilities – committed	$ 300,000
Short-term uncommitted demand notes	135,588
Uncommitted term note	47,500
Total borrowing capacity	483,088
Amounts drawn against lines	(33,762)
Uncommitted term note	(47,500)
Letters of credit reducing borrowing availability	(45,500)
Available borrowing capacity at December 31, 2009	$ 356,326

Seaboard has capacity under existing covenants to undertake additional debt financings of approximately $844.8 million. As of December 31, 2009, Seaboard is in compliance with all restrictive covenants relating to these arrangements. See Note 8 to the Consolidated Financial Statements for a summary of the material terms of Seaboard's credit facilities, including financial ratios and covenants.

Scheduled long-term debt maturities range from $1.5 million to $32.5 million per year, for a total of $36.4 million over the next three years. As of December 31, 2009, Seaboard has cash and short-term investments of $469.2 million, total working capital of $907.3 million and a $300.0 million line of credit maturing on July 10, 2013. Accordingly, management believes Seaboard's combination of internally generated cash, liquidity, capital resources and borrowing capabilities will be adequate for its existing operations and any currently known potential plans for expansion of existing operations or business segments for 2010. Management does, however, periodically review various alternatives for future financing to provide additional liquidity for future operating plans. Despite the current global business climate, management intends to continue seeking opportunities for expansion in the industries in which Seaboard operates, utilizing existing liquidity and available borrowing capacity, and currently does not plan to pursue other financing alternatives.

On November 6, 2009, the Board of Directors authorized up to $100 million for a new share repurchase program. The previous share repurchase program approved by the Board of Directors on August 7, 2007, ended on August 31, 2009. Seaboard used cash to repurchase 3,668 shares of common stock at a total price of $3.4 million in 2009, 3,852 shares of common stock at a total price of $5.0 million in 2008 and 17,089 shares of common stock at a total price of $30.5 million in 2007. See Note 12 for further discussion.

Contractual Obligations and Off-Balance-Sheet Arrangements
The following table provides a summary of Seaboard's contractual cash obligations as of December 31, 2009.

		Payments due by period			
(Thousands of dollars)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Vessel time and voyage-charter commitments	$ 134,393	$ 69,631	$ 44,973	$ 19,789	$ -
Contract grower finishing agreements	85,892	12,106	21,621	18,762	33,403
Other operating lease payments	291,958	19,467	32,340	27,110	213,041
Total lease obligations	512,243	101,204	98,934	65,661	246,444
Long-term debt	78,869	2,337	34,023	8,509	34,000
Short-term notes payable	81,262	81,262	-	-	-
Other purchase commitments	544,280	389,449	154,831	-	-
Total contractual cash obligations and commitments	$1,216,654	$574,252	$287,788	$ 74,170	$ 280,444

The Marine segment enters into contracts to time-charter vessels for use in its operations. To support the operations of the Pork segment, Seaboard has contract grower finishing agreements in place with farmers to raise a portion of Seaboard's hogs. Seaboard has entered into grain and feed ingredient purchase contracts to support the live hog operations of the Pork segment and has contracted for the purchase of additional hogs from third parties. The Commodity Trading and Milling segment enters into commodity purchase contracts and ocean freight contracts, primarily to support sales commitments. Seaboard also leases various facilities and equipment under noncancelable operating lease agreements. See Note 11 to the Consolidated Financial Statements for a further discussion and for a more detailed listing of other purchase commitments.

Seaboard has also issued $1.4 million of guarantees to support certain activities of non-consolidated affiliates and third parties who provide services for Seaboard. See Note 11 to the Consolidated Financial Statements for a detailed discussion.

RESULTS OF OPERATIONS

Net sales for the year ended December 31, 2009 were $3,601.3 million, $4,267.8 million in 2008 and $3,213.3 million in 2007. The decrease in net sales in 2009 was primarily the result of price decreases for commodities sold by the commodity trading business, lower cargo volumes for the Marine segment and, to a lesser extent, a decrease in sales prices for pork products. Partially offsetting the decreases were increased commodities trading volumes to non-consolidated foreign affiliates. The increase in net sales in 2008 was primarily 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 segment.

Operating income was $23.7 million in 2009, $121.8 million in 2008 and $169.9 million in 2007. The 2009 decrease compared to 2008 primarily reflected lower commodity trading and Marine segment margins and a $32.6 million fluctuation of marking to market Commodity Trading and Milling derivative contracts, respectively, as discussed below. The decrease was partially offset by higher margins on pork products sold primarily from lower feed costs. The 2008 decrease compared to 2007 primarily reflected the higher feed costs for hogs as a result of higher corn prices and, to a lesser extent, higher soybean meal prices. Also decreasing operating income were lower margins on marine cargo services as a result of higher fuel prices and other related operating costs. The decreases were partially offset by the result of higher commodity trading margins that are not expected to repeat and the effect of the mark-to-market of derivatives in the Commodity Trading and Milling segment along with the higher cargo rates for the Marine segment.

On January 12, 2010, Haiti was struck by an earthquake. Seaboard has a non-controlling interest in a foreign affiliate with a flour mill operation in Lafiteau, Haiti. Part of this facility was severely damaged as a result of the earthquake. This affiliate business intends to rebuild the damaged part of the facility and will continue to operate the portion of the facility that was not damaged. This facility was fully insured, including business interruption and inventory coverage. Seaboard also sells wheat and flour to this business through Seaboard's commodity trading operations. In addition, the primary port in Haiti, located in Port-au-Prince from which Seaboard Marine's vessels normally dock, was severely damaged. Seaboard is not the owner operator of this port location but does operate a small terminal facility nearby that sustained minor damage from the earthquake, which is covered by insurance. Currently, Seaboard has no indication how long it will take before regular service can be resumed to Haiti's primary port but is currently routing cargoes through secondary ports in Haiti and the Dominican Republic. Based on management's current expectations, which includes assessment of anticipated insurance proceeds, this event will not have a material impact on the financial statements.

Pork Segment

(Dollars in millions)	2009	2008	2007
Net sales	$ 1,065.3	$ 1,126.0	$ 1,003.8
Operating income (loss)	$ (15.0)	$ (45.9)	$ 39.5

Net sales of the Pork segment decreased $60.7 million for the year ended December 31, 2009 compared to 2008. The decrease was primarily the result of a decrease in overall sales prices for pork products, partially offset by higher volumes of pork products sold for export. Increased volumes were made possible by the expansion in daily capacity

at the Guymon processing plant during the first quarter of 2008. The lower sales prices for pork products appear to be the result of an excess supply of pork products in the domestic market, the world economic challenges as well as the impacts of H1N1 flu related concerns. In April 2009, reports of a new flu strain believed to originate in Mexico rapidly received wide-spread public attention. In response to initial reports referring to this strain as "swine flu", certain countries banned U.S. pork exports and this segment noted a decrease in overall market prices for its pork products. By year-end, several foreign markets lifted their bans on imports of U.S. pork products and prices began to improve slightly.

Operating loss decreased $30.9 million for the year ended December 31, 2009 compared with 2008. The improvement was primarily a result of cost decreases more than offsetting the sales price decreases discussed above. The cost decreases primarily were related to lower feed costs (principally from lower corn prices), the impact of using the LIFO method for determining certain inventory costs, and lower costs of third party hogs. LIFO increased operating results by $17.9 million in 2009 compared to a decrease of $17.2 million in 2008 primarily as a result of lower costs to purchase corn and soybean meal during 2009. Also, in 2008 Seaboard incurred an impairment charge of $7.0 million as discussed below.

Management is unable to predict future market prices for pork products or the cost of feed and hogs purchased from third parties. Management anticipates this segment's results to improve to profitable levels in 2010 as sales prices for pork products begin to increase as long as costs, such as the price of corn used for feed, do not increase significantly. As discussed in Note 6 to the Consolidated Financial Statements, there is a possibility that some amount of the biodiesel plant could be deemed impaired during some future period including fiscal 2010, which may result in a charge to earnings if current projections are not met.

Net sales of the Pork segment increased $122.2 million for the year ended December 31, 2008 compared to 2007. The increase was primarily the result of higher pork sales volumes, which reflected increases in both domestic and export sales. The increased volumes were made possible by the expansion in daily capacity at the Guymon processing plant during the first 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. To a lesser extent, the results of the Pork segment were affected by higher pork product prices.

Operating income decreased $85.4 million for the year ended December 31, 2008 compared with 2007. The decrease was primarily a result of higher feed costs from higher corn prices and to a lesser extent, soybean meal prices. To a lesser extent, operating losses related to the start-up of the biodiesel plant affected operating income. In addition, as further discussed in Note 2 to the Consolidated Financial Statements, during the fourth quarter of 2008 Seaboard incurred an impairment charge of $7.0 million related to Daily's trade name. Partially offsetting these decreases was the increase in sales prices for pork products noted above.

Commodity Trading and Milling Segment

(Dollars in millions)	2009	2008	2007
Net sales	$ 1,531.6	$ 1,897.4	$ 1,152.0
Operating income as reported	$ 24.8	$ 96.5	$ 20.9
Less mark-to-market adjustments	14.5	(18.1)	13.2
Operating income excluding mark-to-market adjustments	$ 39.3	$ 78.4	$ 34.1
Income from foreign affiliates	$ 19.1	$ 12.6	$ 5.2

Net sales of the Commodity Trading and Milling segment decreased $365.8 million for the year ended December 31, 2009 compared to 2008. The decrease was primarily the result of price decreases for commodities sold by the commodity trading business, especially for wheat, partially offset by increased commodity trading volumes to non-consolidated foreign affiliates. As worldwide commodity price fluctuations cannot be predicted, management is unable to predict the level of future sales.

Operating income decreased $71.7 million for 2009 compared to 2008. The decrease primarily reflected certain long inventory positions, especially wheat, taken by Seaboard which provided higher than average commodity trading margins during the first six months of 2008 as the price of these commodities significantly increased to historic highs at the time of sale in 2008. In addition, the decrease includes a $32.6 million fluctuation of marking to market the

derivative contracts as discussed below. Operating income was also impacted by certain grain inventory related write-downs in 2009 and 2008 as discussed in Note 4 to the Consolidated Financial Statements.

Due to the uncertain political and economic conditions in the countries in which Seaboard operates and the current volatility in the commodity markets management is unable to predict future sales and operating results. However, management anticipates positive operating income for 2010, excluding the potential effects of marking to market derivative contracts.

If Seaboard had not applied mark-to-market accounting to its derivative instruments, operating income for 2009 and 2007 would have been higher by $14.5 million and $13.2 million, respectively, and 2008 would have been lower by $18.1 million. 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 marked to market. As products are delivered to customers, these mark-to-market adjustments should be primarily offset by realized margins or losses as revenue is recognized and thus, these mark-to-market adjustments could reverse in fiscal 2009. Management believes eliminating these adjustments, as noted in the table above, provides a more reasonable presentation to compare and evaluate year-to-year financial results for this segment.

Income from foreign affiliates for the year ended December 31, 2009 increased $6.5 million from 2008 primarily as a result of favorable market conditions for certain foreign affiliates. The increase was also the result of one of the entities discontinuing its operations by selling its trade name and certain assets to an entity in exchange for a minority ownership in such entity and a separate sale of land and building to a third party. Seaboard's proportionate share of these two transactions represents approximately $2.3 million of the income from foreign affiliates for 2009. See Note 5 to the Consolidated Financial Statements for further discussion. Based on the uncertainty of local political and economic situations in the countries in which the flour and feed mills operate, management cannot predict future results although management anticipates that 2010 income from foreign affiliates will be lower than 2009.

Net sales of the Commodity Trading and Milling segment increased $745.4 million for the year ended December 31, 2008 compared to 2007. The increase was primarily the result of significantly higher prices of commodities sold by the commodity trading business, especially wheat, and, to a lesser extent, increased commodity trading volumes. The increased trading volumes were primarily a result of Seaboard expanding its business in new and existing markets, including trading rice.

Operating income increased $75.6 million for 2008 compared to 2007. The increase primarily reflected increased commodity trading margins and, to a lesser extent, the increased commodity trading volumes discussed above. The increase in commodity trading margins primarily reflected 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. The increase also reflected the $31.3 million fluctuation of marking to market the derivative contracts as discussed above.

Income from foreign affiliates for the year ended December 31, 2008 increased $7.4 million from 2007 as a result of favorable market conditions.

Marine Segment

(Dollars in millions)	2009	2008	2007
Net sales	$ 737.6	$ 958.0	$ 822.2
Operating income	$ 24.1	$ 62.4	$ 104.2

Net sales of the Marine segment decreased $220.4 million for the year ended December 31, 2009, compared to 2008 primarily as a result of economic declines in most markets served by Seaboard resulting in lower cargo volumes and, to a lesser extent, lower cargo rates especially during the last half of 2009.

Operating income decreased by $38.3 million compared to 2008. The decrease was primarily the result of lower rates, as discussed above, not being offset by comparable decreases in certain costs, such as port costs and

stevedoring. However, significant decreases did occur related to fuel costs for vessels, charterhire and trucking expenses on a per unit shipped basis. Management cannot predict changes in future cargo volumes and cargo rates or to what extent changes in economic conditions in markets served will continue to affect net sales or operating income during 2010. However, management anticipates this segment will be profitable in 2010 although somewhat lower during the first half than 2009 given the recent fluctuations in global trade volume and cargo rates.

Net sales of the Marine segment increased $135.8 million for the year ended December 31, 2008, compared to 2007 primarily as a result of 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 favorable economic conditions during 2008 in several Latin American markets served.

Operating income decreased by $41.8 million compared to 2007. The decrease was 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 charter hire and owned-vessel operating costs, trucking, terminal costs and stevedoring.

Sugar Segment

(Dollars in millions)	2009	2008	2007
Net sales	$ 143.0	$ 142.1	$ 125.9
Operating income (loss)	$ (0.9)	$ 3.7	$ 15.5
Income from foreign affiliates	$ 1.0	$ 0.5	$ 0.4

Net sales of the Sugar segment increased $0.9 million for the year ended December 31, 2009 compared to 2008. The increase is primarily the result of increased volumes produced and sold in the export markets partially offset by lower domestic sugar prices and the elimination of the citrus operations. Argentine governmental authorities continue to attempt to control inflation by limiting the price of basic commodities, including sugar. Accordingly, management cannot predict sugar prices for 2010.

Operating income decreased $4.6 million during 2009 compared to 2008 primarily as a result of lower margins on alcohol sales from lower sales prices and lower margins from the citrus operations. Although the citrus operations had negative margins for 2008, during 2009 the negative margins were slightly higher as this segment recorded a $5.3 million charge to earnings during the first and second quarters of 2009 related to the write-down of citrus inventories, the integration and transformation of land previously used for citrus production into sugar cane production and related costs as discussed in Note 9 to the Condensed Consolidated Financial Statements. The decrease also reflects higher selling and administrative personnel costs in 2009. Management anticipates higher operating income in this segment for 2010 compared to 2009. In the first quarter of 2010, this segment began sales of dehydrated alcohol to certain local oil companies under the national bio-ethanol program which requires alcohol to be blended with gasoline. In addition, the construction of a 40 megawatt cogeneration power plant is expected to be completed during the third quarter of 2010.

Net sales of the Sugar and Citrus segment increased $16.2 million for the year ended December 31, 2008 compared to 2007. The increase primarily reflected higher domestic sugar prices. Operating income decreased $11.8 million during 2008 compared to 2007 primarily as a result of losses incurred by the citrus and juice businesses, principally from citrus quality issues and increased production costs for the juice business. In addition, operating income decreased as a result of higher selling and administrative personnel costs. Total gross margin from sugar sales did not increase in 2008 compared to 2007 as the higher sugar prices discussed above were primarily offset by a higher percentage of sales from sugar purchased from third parties for resale. This sugar had a significantly lower margin compared to sugar produced by Seaboard. Increased production costs also affected gross margin from sugar sales.

Power Segment

(Dollars in millions)	2009	2008	2007
Net sales	$ 107.1	$ 129.4	$ 94.0
Operating income	$ 8.2	$ 7.8	$ 5.4

Net sales for the Power segment decreased $22.3 million for 2009 compared to 2008 primarily reflecting lower rates. The lower rates were attributable primarily to lower fuel costs, a component of pricing. Operating income increased $0.4 million during 2009 compared to 2008 primarily as a result of lower production costs partially offset by higher administrative personnel 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 in 2010. See Note 13 to the Consolidated Financial Statements for the pending sale of certain assets of this business on or around January 1, 2011. Accordingly, such assets are classified as held for sale as of December 31, 2009 and depreciation ceased on these assets as of January 1, 2010.

Net sales for the Power segment increased $35.4 million for 2008 compared to 2007 primarily as a result of higher rates. The higher rates were attributable primarily to higher fuel costs, a component of pricing. Operating income increased $2.4 million during 2008 compared to 2007 primarily as a result of higher rates being in excess of higher fuel costs.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the year ended December 31, 2009 increased by $18.0 million over 2008 to $193.9 million. This increase was primarily due to increased personnel costs, including increased costs of $13.9 million, included in Corporate expenses, related to Seaboard's deferred compensation programs (which are offset by the effect of the mark-to-market investments recorded in other investment income discussed below). As a percentage of revenues, SG&A increased to 5.4% for 2009 compared to 4.1% for 2008 primarily as a result of decreased sales in the Commodity Trading and Milling and Marine segments.

SG&A expenses for the year ended December 31, 2008 increased by $3.8 million over 2007 to $175.9 million. This increase was primarily due to increased personnel costs. Partially offsetting the increase 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 was a $3.7 million pension settlement loss recognized in the first quarter of 2007 related to the late Mr. H. H. Bresky's retirement payment in February 2007 as discussed in Note 10 to the Consolidated Financial Statements. As a percentage of revenues, SG&A decreased to 4.1% for 2008 compared to 5.4% for 2007 primarily as a result of increased sales in the Commodity Trading and Milling segment.

Interest Expense

Interest expense totaled $13.2 million, $15.4 million and $12.6 million for the years ended December 31, 2009, 2008 and 2007, respectively. Interest expense decreased for 2009 compared to 2008, primarily as a result of a lower average level of both short-term and long-term borrowings outstanding during 2009 partially offset by higher average interest rates on short-term borrowings outstanding. Interest expense increased for 2008 compared to 2007, primarily as a result of a higher average level of short-term borrowings outstanding during 2008 partially offset by a lower average level of long-term borrowings outstanding.

Interest Income

Interest income totaled $17.3 million, $14.9 million and $18.9 million for the years ended December 31, 2009, 2008 and 2007, respectively. The increase for 2009 primarily reflected an increase in average funds invested. The decrease for 2008 primarily reflected a decrease in average funds invested.

Foreign Currency Gains (Losses)

Foreign currency gains (losses) totaled $2.4 million, $(19.7) million and $0.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. The fluctuation for 2009 compared to 2008 primarily related to the unusually high currency losses incurred during the fourth quarter of 2008, as noted below, from the global liquidity crisis occurring at that time which did not occur during 2009. The fluctuation for 2008 compared to 2007 primarily related to currency translation and realized losses in the commodity trading business related to transactions denominated in South African rand and, to a lesser extent, the Euro Zone euro principally during the fourth quarter of

2008. Although Seaboard does not utilize hedge accounting, the commodity trading business does utilize foreign currency exchange contracts to manage its risks and exposure to foreign currency fluctuations caused primarily by the South African rand and the Euro Zone euro. Management believes the gains and losses, including the mark-to-market effects, of these foreign currency contracts relate to the underlying commodity transactions and classifies such gains and losses in cost of sales. In addition, the 2008 loss includes currency losses related to the yen based borrowing by the Sugar segment, principally during the fourth quarter of 2008. A significant portion of this currency loss was offset by a currency gain on the underlying debt, which was recorded in a cumulative translation adjustment account in equity as of December 31, 2008. Seaboard operates in many developing countries. The political and economic conditions of these markets, along with fluctuations in the value of the U.S. dollar, cause volatility in currency exchange rates which exposes Seaboard to fluctuating foreign currency gains and losses which cannot be predicted by Seaboard.

Other Investment Income, Net

Other investment income, net totaled $15.5 million, $7.5 million and $6.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. Other investment income for 2009 primarily reflected income of $6.0 million in the Power segment related to the settlement of a receivable, not directly related to its business and purchased at a discount, gains of $4.3 million in the mark-to-market value of Seaboard's investments related to the deferred compensation programs and gains of $2.8 million on debt trading securities. Other investment income for 2008 primarily reflected $8.9 million on equity securities transactions, income of $7.6 million in the Power segment related to the settlement of a receivable, not directly related to its business and purchased at a discount, and income of $1.1 million related to the assignment of rights related to an investment as discussed in Note 13 to the Consolidated Financial Statements. Partially offsetting the above income items was a $9.6 million loss in the mark-to-market value of Seaboard's investments related to the deferred compensation programs in 2008.

Gain on Disputed Sale, Net

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

Miscellaneous, Net

Miscellaneous, net totaled $6.5 million, $2.5 million and $5.2 million and for the years ended December 31, 2009, 2008 and 2007, respectively. For 2009, miscellaneous, net included a $5.3 million gain on interest exchange agreements. During the second quarter of 2007, Seaboard recognized a gain of $4.1 million 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.

Income Tax Expense

The effective tax benefit rate decreased for 2009 compared to 2008 primarily from lower permanently deferred foreign earnings and lower domestic taxable loss. The effective tax rate decreased for 2008 compared to 2007 primarily from lower domestic taxable income resulting in a tax benefit based on domestic taxable loss compared to permanently deferred foreign earnings.

OTHER FINANCIAL INFORMATION

Seaboard is subject to various federal and state regulations regarding environmental protection and land and water use. Among other things, these regulations affect the disposal of livestock waste and corporate farming matters in general. Management believes it is in compliance, in all material respects, with all such regulations. Laws and regulations in the states where Seaboard conducts its pork operations are restrictive. Future changes in environmental or corporate farming laws could adversely affect the manner in which Seaboard operates its business and its cost structure.

In June 2009, the FASB issued ASC Topic 810-10 (formerly Financial Accounting Standard (FAS) No. 167 "Amendments to FASB Interpretation No. 46(R)"). This Topic amends Interpretation 46(R) and requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity (VIE). This analysis identifies the primary beneficiary of a VIE as the enterprise

that has both the power to direct the most significant activities of a VIE and the obligation to absorb losses or the right to receive benefits from the VIE.

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

Management does not believe its businesses have been materially adversely affected by general inflation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management has identified the accounting estimates believed to be the most important to the portrayal of Seaboard's financial condition and results, and which require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management has reviewed these critical accounting estimates with the Audit Committee of the Board of Directors. These critical accounting policies include:

Allowance for Doubtful Accounts – Seaboard primarily uses a specific identification approach, in management's best judgment, to evaluate the adequacy of this reserve for estimated uncollectible receivables as of the consolidated balance sheet date. Changes in estimates, developing trends and other new information can have a material effect on future evaluations. Furthermore, Seaboard's total current and long-term receivables are heavily weighted toward foreign receivables ($181.6 million or 59.7% at December 31, 2009), including receivables due from foreign affiliates ($47.4 million at December 31, 2009) and receivables in the Power segment, which generally represent more of a collection risk than its domestic receivables. Receivables due from foreign affiliates are generally associated with entities located in foreign countries considered underdeveloped, as discussed below, which can experience conditions causing sudden changes to their ability to repay such receivables on a timely basis or in full. For the Power segment, which operates in the Dominican Republic (DR), collection patterns have been sporadic and are sometimes based upon negotiated settlements for past due receivables resulting in material revisions to the allowance for doubtful accounts from year to year. For example, currently the Power segment sells approximately 34% of its power generation to a government-owned distribution company under a short-term contract that expires at the end of March 2010 and for which Seaboard bears a concentrated credit risk as this customer is usually behind in its payments on account. As of December 31, 2009, this customer account had billings outstanding of $12.8 million. Future collections of receivables or lack thereof could result in a material charge or credit to earnings depending on the ultimate resolution of each individual customer past due receivable. Bad debt expense for the years ended December 31, 2009, 2008 and 2007 was $2.1 million, $0.8 million and $1.4 million, respectively.

Valuation of Inventories – Inventories are generally valued at the lower of cost or market. In determining market, management makes assumptions regarding replacement costs, estimated sales prices, estimated costs to complete, estimated disposal costs, and normal profit margins. For commodity trading inventories, when contract performance by a customer becomes a concern, management must also evaluate available options to dispose of the inventory, including assumptions about potential negotiated changes to sales contracts, sales prices in alternative markets in various foreign countries and potentially additional transportation costs. At times, management must consider probability weighting various viable alternatives in its determination of the net realizable value of the inventories. These assumptions and probabilities are subjective in nature and are based on management's best estimates and judgments existing at the time of preparation. Changes in future market prices of grains or facts and circumstances could result in a material write-down in value of inventory or increased future margins on the sale of inventory.

Impairment of Long-lived Assets – At each balance sheet date, long-lived assets, primarily property, plant and equipment, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount

may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Some of the key assumptions utilized in determining future projected cash flows include estimated growth rates, expected future sales prices and estimated costs. In some cases, judgment is also required in assigning probability weighting to the various future cash flow scenarios. The probability weighting percentages used and the various future projected cash flow models prepared by management are based on facts and circumstances existing at the time of preparation and management's best estimates and judgment of future operating results. Seaboard cannot predict the occurrence of certain future events that might adversely affect the reported value of long-lived assets, which include but are not limited to, a change in the business climate, government incentives, a negative change in relationships with significant customers, and changes to strategic decisions made in response to economic and competitive conditions. Changes in these facts, circumstances and management's estimates and judgment could result in an impairment of fixed assets resulting in a material charge to earnings. See Note 6 to the Consolidated Financial Statements for further discussion on the Pork Segment and its recorded value for the biodiesel processing plant of $43.2 million at December 31, 2009.

Goodwill and Other Intangible Assets – Goodwill and other indefinite-life intangible assets, not subject to amortization, are evaluated annually for impairment at the quarter-end closest to the anniversary date of the acquisition, or more frequently if circumstances indicate that impairment is likely. The impairment tests require management to make judgments in determining what assumptions to use in estimating fair value. One of the methods used by Seaboard to determine fair value is the income approach using discounted future projected cash flows. Some of the key assumptions utilized in determining future projected cash flows include estimated growth rates, expected future sales prices and costs, and future capital expenditures requirements. In some cases, judgment is also required in assigning probability weighting to the various future cash flow scenarios. The probability weighting percentages used and the various future projected cash flow models prepared by management are based on facts and circumstances existing at the time of preparation and management's best estimates and judgment of future operating results. Seaboard cannot predict the occurrence of certain future events that might adversely affect the reported value of goodwill and indefinite-life intangible assets that may include, but are not limited to, a change in the business climate, a negative change in relationships with significant customers, and changes to strategic decisions, including decisions to expand, made in response to economic and competitive conditions. Changes in these facts, circumstances and management's estimates and judgment could result in an impairment of goodwill and/or other intangible assets resulting in a material charge to earnings. See Note 2 to the Consolidated Financial Statements for further discussion regarding the Pork segment and its recorded intangible asset values related to Daily's, including an impairment charge of $7.0 million recorded in the fourth quarter of 2008 related to Daily's trade name. At December 31, 2009, Seaboard had goodwill of $40.6 million and other intangible assets not subject to amortization of $17.0 million.

Income Taxes – Income taxes are determined by management based on current tax regulations in the various worldwide taxing jurisdictions in which Seaboard conducts its business. In various situations, accruals have been made for estimates of the tax effects for certain transactions, business structures, the estimated reversal of timing differences and future projected profitability of Seaboard's various business units based on management's interpretation of existing facts, circumstances and tax regulations. Should new evidence come to management's attention which could alter previous conclusions or if taxing authorities disagree with the positions taken by Seaboard, the change in estimate could result in a material adverse or favorable impact on the financial statements. As of December 31, 2009, Seaboard has deferred tax assets of $65.3 million, net of the valuation allowance of $28.6 million, and deferred tax liabilities of $114.4 million. For the years ended December 31, 2009, 2008 and 2007, income tax expense included $(11.5) million, $(6.3) million and $(22.5) million, respectively, for deferred taxes to federal, foreign, state and local taxing jurisdictions.

Accrued Pension Liability – The measurement of Seaboard's pension liability and related expense is dependent on a variety of assumptions and estimates regarding future events. These assumptions include discount rates, assumed rate of return on plan assets, compensation increases, turnover rates, mortality rates and retirement rates. The discount rate and return on plan assets are important elements of liability and expense measurement and are reviewed on an annual basis. The effect of decreasing both the discount rate and assumed rate of return on plan

assets by 50 basis points would be an increase in pension expense of approximately $1.6 million per year. The effects of actual results differing from the assumptions (i.e. gains or losses) are primarily accumulated in accrued pension liability and amortized over future periods if it exceeds the 10% corridor and, therefore, could affect Seaboard's recognized pension expense in such future periods, as permitted under ASC Topic 715 (formerly FAS No. 87, "Employers' Accounting for Pensions"). Accordingly, accumulated gains or losses in excess of the 10% corridor are amortized over the average future service of active participants. The unrecognized losses as of December 31, 2008 exceeded this 10% threshold as a result of the significant investment losses incurred during 2008. As a result, Seaboard's pension expense for its defined benefit pension plan for its salaried and clerical employees increased by approximately $3.1 million for 2009 as compared to 2008 due to loss amortization. See Note 10 to the Consolidated Financial Statements for further discussion of management's assumptions and projected 2010 expense.

DERIVATIVE INFORMATION

Seaboard is exposed to various types of market risks in its day-to-day operations. Primary market risk exposures result from changing commodity prices, freight rates, foreign currency exchange rates and interest rates. Although used to manage overall market risks, Seaboard does not perform the extensive record-keeping required to account for derivative transactions as hedges. Management believes it uses derivatives primarily as 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 prices could have a material impact on earnings in any given year. From time to time, Seaboard may enter into speculative derivative transactions related to its market risks.

Changes in commodity prices affect the cost of necessary raw materials and other inventories, finished product sales and firm sales commitments. Seaboard uses various grain and oilseed futures and options purchase contracts to manage certain risks of increasing prices of raw materials and firm sales commitments or anticipated sales contracts. Short sales contracts are then used to offset the open purchase derivatives when the related commodity inventory is purchased in advance of the derivative maturity, effectively offsetting the initial futures or option purchase contract. From time to time, hog futures are used to manage risks of increasing prices of live hogs acquired for processing, and pork bellies and hog futures are used to manage risks of fluctuating prices of pork product inventories and related future sales. From time to time, Seaboard may enter into short positions in energy related resources (i.e. heating oil, crude oil, etc.) to manage certain exposures related to bioenergy margins. Inventories that are sensitive to changes in commodity prices, including carrying amounts at December 31, 2009 and 2008, are presented in Note 4 to the Consolidated Financial Statements. Raw material requirements, finished product sales, and firm sales commitments are also sensitive to changes in commodity prices.

From time-to-time, the Commodity Trading and Milling segment enters into certain forward freight agreements, viewed as taking long positions in the freight market as well as covering short freight sales, which may or may not result in actual losses when future trades are executed. These forward freight agreements are viewed by management as an economic hedge against the potential of future rising charter hire rates to be incurred by this segment for bulk cargo shipping while conducting its business of delivering grains to customers in many international locations. Forward freight agreements had virtually no net exposure to a change in market price as the two open forward freight agreements offset each other at December 31, 2008. As of December 31, 2009, there were no such agreements outstanding.

Because changes in foreign currency exchange rates affect the cash paid or received on foreign currency denominated receivables and payables, Seaboard manages certain of these risks through the use of foreign currency forward exchange agreements. Changes in interest rates affect the cash required to service variable rate debt. From time to time, Seaboard uses interest rate swaps to manage risks of increasing interest rates.

In December 2008 and again in March 2009, Seaboard entered into ten-year interest rate exchange agreements which involves the exchange of fixed-rate and variable-rate interest payments over the life of the agreements without the exchange of the underlying notional amounts to mitigate the effects of fluctuations in interest rates on variable rate debt. Seaboard agreed to pay a fixed rate and receive a variable rate of interest on two notional amounts of $25.0 million each. In June 2009, Seaboard terminated both interest rate exchange agreements with a total notional value of $50.0 million. As of December 31, 2009, there were no interest rate exchange agreements outstanding.

The following table presents the sensitivity of the fair value of Seaboard's open net commodity future and option contracts, forward freight agreements, foreign currency contracts and interest rate exchange agreements to a hypothetical 10% adverse change in market prices or in foreign exchange rates and interest rates as of December 31, 2009 and December 31, 2008. For all open derivatives, the fair value of such positions is a summation of the fair values calculated for each item by valuing each net position at quoted market prices as of the applicable date.

(Thousands of dollars)	December 31, 2009	December 31, 2008
Grains and oilseeds	$ 9,808	$ 5,788
Hogs and pork bellies	186	868
Energy related resources	284	253
Foreign currencies	23,080	21,414
Interest rates	-	570

The table below provides information about Seaboard's non-trading financial instruments sensitive to changes in interest rates at December 31, 2009. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. At December 31, 2009, long-term debt included foreign subsidiary obligations of $0.7 million denominated in CFA francs (a currency used in several central African countries), $0.2 million payable in Argentine pesos and the foreign subsidiary obligations denominated in Mozambique metical were repaid in 2009. At December 31, 2008, long-term debt included foreign subsidiary obligations of $1.1 million denominated in CFA francs, $0.3 million payable in Argentine pesos, and $0.1 million denominated in Mozambique metical. Weighted average variable rates are based on rates in place at the reporting date. Short-term instruments including short-term investments, non-trade receivables and current notes payable have carrying values that approximate market and are not included in this table due to their short-term nature.

(Dollars in thousands)	2010	2011	2012	2013	2014	Thereafter	Total
Long-term debt:							
Fixed rate	$2,105	$1,477	$32,546	$ 556	$ 153	$ -	$36,837
Average interest rate	11.33%	8.87%	7.03%	15.92%	15.92%	-	7.52%
Variable rate	$ 232	$ -	$ -	$ -	$ 7,800	$34,000	$42,032
Average interest rate	7.00%	-	-	-	0.39%	0.41%	0.44%

Non-trading financial instruments sensitive to changes in interest rates at December 31, 2008 consisted of fixed rate long-term debt totaling $83.6 million with an average interest rate of 6.84%, and variable rate long-term debt totaling $42.1 million with an average interest rate of 1.44%.

Management's Responsibility for Consolidated Financial Statements

The management of Seaboard Corporation and its consolidated subsidiaries (Seaboard) is responsible for the preparation of its consolidated financial statements and related information appearing in this report. Management believes that the consolidated financial statements fairly present Seaboard's financial position and results of operations in conformity with U.S. generally accepted accounting principles and necessarily includes amounts that are based on estimates and judgments which it believes are reasonable based on current circumstances with due consideration given to materiality.

Management relies on a system of internal controls over financial reporting that is designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with company policy and U.S. generally accepted accounting principles, and are properly recorded, and accounting records are adequate for preparation of financial statements and other information and disclosures. The concept of reasonable assurance is based on recognition that the cost of a control system should not exceed the benefits expected to be derived and such evaluations require estimates and judgments. The design and effectiveness of the system are monitored by a professional staff of internal auditors.

All internal control systems, no matter how well designed, have inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Board of Directors pursues its review of auditing, internal controls and financial statements through its audit committee, composed entirely of independent directors. In the exercise of its responsibilities, the audit committee meets periodically with management, with the internal auditors and with the independent registered public accounting firm to review the scope and results of audits. Both the internal auditors and the registered public accounting firm have unrestricted access to the audit committee with or without the presence of management.

The consolidated financial statements have been audited by the independent registered public accounting firm of KPMG LLP. Their responsibility is to examine records and transactions related to the consolidated financial statements to the extent required by the standards of the Public Company Accounting Oversight Board. KPMG has rendered their opinion that the consolidated financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Their report is included herein.

Management's Report on Internal Control over Financial Reporting

The management of Seaboard Corporation and its consolidated subsidiaries (Seaboard) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management and its Internal Audit Department, Seaboard conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under the framework in *Internal Control – Integrated Framework*, management concluded that Seaboard's internal control over financial reporting was effective as of December 31, 2009.

Seaboard's registered independent public accounting firm, that audited the consolidated financial statements included in the annual report, has issued an audit report on the effectiveness of Seaboard's internal control over financial reporting. Their report is included herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Seaboard Corporation:

We have audited the accompanying consolidated balance sheets of Seaboard Corporation and subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of earnings, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Seaboard Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Seaboard Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 5, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Kansas City, Missouri
March 5, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Seaboard Corporation:

We have audited Seaboard Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Seaboard Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Seaboard Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Seaboard Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of earnings, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2009, and our report dated March 5, 2010 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Kansas City, Missouri
March 5, 2010

S E A B O A R D   C O R P O R A T I O N

Consolidated Statement of Earnings

(Thousands of dollars except per share amounts)	Years ended December 31, 2009	2008	2007
Net sales:			
Products (includes sales to foreign affiliates of $543,066, $587,922 and $299,174)	$2,718,736	$3,144,432	$2,268,310
Service revenues	775,498	993,942	851,038
Other	107,074	129,430	93,953
Total net sales	3,601,308	4,267,804	3,213,301
Cost of sales and operating expenses:			
Products	2,619,396	3,005,924	2,120,412
Services	671,598	847,956	667,146
Other	92,701	116,253	83,769
Total cost of sales and operating expenses	3,383,695	3,970,133	2,871,327
Gross income	217,613	297,671	341,974
Selling, general and administrative expenses	193,890	175,862	172,059
Operating income	23,723	121,809	169,915
Other income (expense):			
Interest expense	(13,158)	(15,354)	(12,588)
Interest income	17,336	14,939	18,867
Income from foreign affiliates	20,158	13,084	3,874
Foreign currency gain (loss), net	2,432	(19,713)	120
Other investment income, net	15,500	7,522	6,065
Gain on disputed sale, net of expenses	16,787	-	-
Miscellaneous, net	6,463	2,539	5,192
Total other income, net	65,518	3,017	21,530
Earnings before income taxes	89,241	124,826	191,445
Income tax benefit (expense)	2,276	22,689	(10,177)
Net earnings	$ 91,517	$ 147,515	$ 181,268
Less: Net (income) loss attributable to noncontrolling interests	965	(596)	64
Net earnings attributable to Seaboard	$ 92,482	$ 146,919	$ 181,332
Earnings per common share	$ 74.74	$ 118.19	$ 144.15
Weighted average shares outstanding	1,237,452	1,243,087	1,257,901
Dividends declared per common share	$ 3.00	$ 3.00	$ 3.00

See accompanying notes to consolidated financial statements.

S E A B O A R D   C O R P O R A T I O N

Consolidated Balance Sheets

(Thousands of dollars except per share amounts)	**December 31, 2009**	**2008**
Assets		
Current assets:		
Cash and cash equivalents	$ 61,857	$ 60,594
Short-term investments	407,351	312,680
Receivables:		
Trade	194,764	207,534
Due from foreign affiliates	47,352	100,434
Other	35,861	60,012
	277,977	367,980
Allowance for doubtful accounts	(7,330)	(7,303)
Net receivables	270,647	360,677
Inventories	498,587	508,995
Deferred income taxes	10,490	14,195
Deferred costs	95,788	20,546
Other current assets	80,582	94,167
Total current assets	1,425,302	1,371,854
Investments in and advances to foreign affiliates	82,232	68,091
Net property, plant and equipment	691,343	763,675
Goodwill	40,628	40,628
Intangible assets, net	20,676	22,285
Other assets	76,952	64,828
Total Assets	$ 2,337,133	$ 2,331,361
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 81,262	$ 177,205
Current maturities of long-term debt	2,337	47,054
Accounts payable	141,193	122,869
Accrued compensation and benefits	84,165	72,857
Deferred revenue	112,889	50,252
Accrued voyage costs	33,874	48,382
Other accrued liabilities	62,320	73,472
Total current liabilities	518,040	592,091
Long-term debt, less current maturities	76,532	78,560
Deferred income taxes	59,546	81,205
Accrued pension liability	64,161	70,920
Other liabilities	73,435	45,007
Total non-current and deferred liabilities	273,674	275,692
Commitments and contingent liabilities		
Stockholders' equity:		
Common stock of $1 par value. Authorized 1,250,000 and 4,000,000 shares; issued and outstanding 1,236,758 and 1,240,426 shares	1,237	1,240
Accumulated other comprehensive loss	(114,786)	(111,703)
Retained earnings	1,655,222	1,569,818
Total Seaboard stockholders' equity	1,541,673	1,459,355
Noncontrolling interests	3,746	4,223
Total equity	1,545,419	1,463,578
Total Liabilities and Stockholders' Equity	$ 2,337,133	$ 2,331,361

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

(Thousands of dollars)	Years ended December 31, 2009	2008	2007
Cash flows from operating activities:			
Net earnings	$ 91,517	$ 147,515	$ 181,268
Adjustments to reconcile net earnings to cash from operating activities:			
Depreciation and amortization	91,841	90,381	79,221
Income from foreign affiliates	(20,158)	(13,084)	(3,874)
Dividends received from foreign affiliates	7,906	1,333	1,954
Other investment income, net	(15,500)	(7,522)	(6,065)
Foreign currency exchange losses	6,578	19,606	4,496
Deferred income taxes	(15,298)	(7,602)	(26,740)
Loss (gain) from sale of fixed assets	530	39	(1,285)
Gain on disputed sale, net of expenses	(16,787)	-	-
Intangible asset impairment charge	-	7,000	-
Changes in current assets and liabilities, net of portion of operations sold and business acquired:			
Receivables, net of allowance	93,861	(14,518)	(80,360)
Inventories	1,552	(119,859)	(52,699)
Other current assets	(58,823)	(44,344)	(20,968)
Current liabilities, exclusive of debt	69,738	43,264	63,255
Other, net	9,400	9,057	7,630
Net cash from operating activities	246,357	111,266	145,833
Cash flows from investing activities:			
Purchase of short-term investments	(346,522)	(287,411)	(1,683,849)
Proceeds from the sale of short-term investments	211,403	204,494	1,851,589
Proceeds from the maturity of short-term investments	66,842	61,675	24,842
Purchase of long-term investments	(3,108)	-	(2,000)
Investments in and advances to foreign affiliates, net	71	(710)	(15,192)
Capital expenditures	(54,276)	(134,634)	(164,173)
Repurchase of noncontrolling interest in a controlled subsidiary	-	-	(61,260)
Proceeds from the sale of fixed assets	3,255	4,412	4,148
Payment received for the potential sale of power barges	15,000	-	-
Net proceeds from disputed sale	16,787	-	-
Other, net	46	(442)	(4,754)
Net cash from investing activities	(90,502)	(152,616)	(50,649)
Cash flows from financing activities:			
Notes payable to banks, net	(95,072)	79,354	19,111
Principal payments of long-term debt	(46,914)	(11,679)	(63,536)
Repurchase of common stock	(3,370)	(5,012)	(30,488)
Dividends paid	(3,711)	(3,728)	(3,765)
Dividends paid to noncontrolling interests	(112)	(104)	(136)
Other, net	(291)	(1,081)	-
Net cash from financing activities	(149,470)	57,750	(78,814)
Effect of exchange rate change on cash	(5,122)	(3,152)	(393)
Net change in cash and cash equivalents	1,263	13,248	15,977
Cash and cash equivalents at beginning of year	60,594	47,346	31,369
Cash and cash equivalents at end of year	$ 61,857	$ 60,594	$ 47,346

See accompanying notes to consolidated financial statements.

S E A B O A R D   C O R P O R A T I O N

Consolidated Statement of Changes in Equity

(Thousands of dollars except per share amounts)	Common Stock	Additional Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total
Balances, January 1, 2007	$ 1,261	$ 21,574	$ (82,493)	$ 1,262,965	$ 39,103	$ 1,242,410
Comprehensive income:						
Net earnings				181,332	(64)	181,268
Other comprehensive income net of income tax expense of $(2,492):						
Foreign currency translation adjustment			(2,908)			(2,908)
Unrealized gain on investments			(212)			(212)
Unrecognized pension cost			7,059			7,059
Unrealized loss on cash flow hedges			55			55
Amortization of deferred gains on interest rate swaps			(152)			(152)
Total Comprehensive income						185,110
Purchase of noncontrolling interests					(37,932)	(37,932)
Dividends paid to noncontrolling interests					(136)	(136)
Repurchase of Common Stock	(17)	(21,574)		(8,897)		(30,488)
Dividends on common stock				(3,765)		(3,765)
Balances, December 31, 2007	1,244	-	(78,651)	1,431,635	971	1,355,199
Comprehensive income:						
Net earnings				146,919	596	147,515
Other comprehensive income net of income tax benefit of $11,525:						
Foreign currency translation adjustment			(9,492)			(9,492)
Unrealized gain on investments			632			632
Unrecognized pension cost			(24,192)			(24,192)
Total Comprehensive income						114,463
Addition of noncontrolling interests					2,760	2,760
Dividends paid to noncontrolling interests					(104)	(104)
Repurchase of Common Stock	(4)			(5,008)		(5,012)
Dividends on common stock				(3,728)		(3,728)
Balances, December 31, 2008	1,240	-	(111,703)	1,569,818	4,223	1,463,578
Comprehensive income:						
Net earnings				92,482	(965)	91,517
Other comprehensive income net of income tax benefit of $3,206:						
Foreign currency translation adjustment			(9,365)			(9,365)
Unrealized gain on investments			798			798
Unrecognized pension cost			5,484			5,484
Total Comprehensive income						88,434
Addition of noncontrolling interests					600	600
Dividends paid to noncontrolling interests					(112)	(112)
Repurchase of Common Stock	(3)	-	-	(3,367)		(3,370)
Dividends on common stock				(3,711)		(3,711)
Balances, December 31, 2009	**$ 1,237**	**$ -**	**$ (114,786)**	**$ 1,655,222**	**$ 3,746**	**$ 1,545,419**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1

Summary of Significant Accounting Policies

Operations of Seaboard Corporation and its Subsidiaries

Seaboard Corporation and its subsidiaries (Seaboard) is a diversified international agribusiness and transportation company. In the United States, Seaboard is primarily engaged in pork production and processing, and ocean transportation. Overseas, Seaboard is primarily engaged in commodity merchandising, grain processing, sugar production, and electric power generation. Seaboard Flour LLC and SFC Preferred LLC (Parent Companies) are the owners of 72.3% of Seaboard's outstanding common stock.

Principles of Consolidation and Investments in Affiliates

The consolidated financial statements include the accounts of Seaboard Corporation and its domestic and foreign subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in non-controlled foreign affiliates are accounted for by the equity method. Financial information from certain foreign subsidiaries and affiliates is reported on a one- to three-month lag depending on the specific entity.

Short-term Investments

Short-term investments are retained for future use in the business and may include money market accounts, municipal debt securities, corporate bonds and U.S. government obligations and, on a limited basis, foreign government bonds, high yield bonds, currency futures and domestic equity securities. Investments held by Seaboard that are categorized as available-for-sale are reported at their estimated fair value with any related unrealized gains and losses reported net of tax, as a component of accumulated other comprehensive income. Investments held by Seaboard that are categorized as trading securities are reported at their estimated fair value with any unrealized gains and losses included in other investment income on the Consolidated Statement of Earnings. Debt securities that are categorized as held to maturity, are recorded at amortized cost, which is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Gains and losses on sale of investments are generally based on the specific identification method.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and generally do not bear interest. The Power segment, however, collects interest on certain past due accounts and the Commodity Trading and Milling segment provides extended payment terms for certain customers and/or markets due to local business conditions. The allowance for doubtful accounts is Seaboard's best estimate of the amount of probable credit losses. For most operating segments, Seaboard uses a specific identification approach to determine, in management's judgment, the collection value of certain past due accounts based on contractual terms. For the Marine segment, the allowance for doubtful accounts is based on an aging percentage methodology primarily based on historical write-off experience. Seaboard reviews its allowance for doubtful accounts monthly. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Inventories

Seaboard uses the lower of last-in, first-out (LIFO) cost or market for determining inventory cost of live hogs, fresh pork product and related materials. Grain, flour and feed inventories at foreign milling operations are valued at the lower of weighted average cost or market. All other inventories, including further processed pork products, are valued at the lower of first-in, first-out (FIFO) cost or market.

Deferred Costs

Deferred costs represent inventory delivered to customers and related shipping costs incurred for certain commodity trades that Seaboard has received the majority of payments for the trades (which are recorded as deferred revenues) but has not yet recognized as revenue as the final sale price is not yet fixed and determinable. The corresponding deferred margin on such trades is not deemed material.

Property, Plant and Equipment

Property, plant and equipment are carried at cost and are being depreciated generally on the straight-line method over useful lives ranging from 3 to 30 years. Property, plant and equipment leases which are deemed to be installment purchase obligations have been capitalized and included in the property, plant and equipment accounts. Routine and planned major maintenance, repairs, and minor renewals are expensed as incurred while major renewals and improvements are capitalized.

Impairment of Long-lived Assets

Long-lived assets, primarily property, plant and equipment, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are determined to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. See Note 6 for further discussion on the Pork Segment and its recorded value of the biodiesel processing plant.

Goodwill and Other Intangible Assets

Goodwill and other indefinite-life intangible assets are evaluated annually for impairment at the quarter-end closest to the anniversary date of the acquisition, or more frequently if circumstances indicate that impairment is likely. Separable intangible assets with finite lives are amortized over their estimated useful lives. Any one event or a combination of events such as change in the business climate, a negative change in relationships with significant customers, and changes to strategic decisions, including decisions to expand, made in response to economic or competitive conditions could require an interim assessment prior to the next required annual assessment. The most recent impairment tests performed and current market conditions indicated goodwill and other intangible assets are not impaired as of December 31, 2009. However, future conditions and marketplace changes could significantly impact prospective determinations of estimated cash flows as of December 31, 2009.

Accrued Self-Insurance

Seaboard is self-insured for certain levels of general and vehicle liability, property, workers' compensation, product recall and health care coverage. The cost of these self-insurance programs is accrued based upon estimated settlements for known and anticipated claims. Changes in estimates to previously recorded reserves are reflected in current operating results.

Deferred Grants

Included in other liabilities at December 31, 2009 and 2008 was $6,469,000 and $6,894,000, respectively, of deferred grants. The deferred grants represent economic development funds contributed by government entities that were limited to construction of a pork processing facility in Guymon, Oklahoma. Deferred grants are being amortized as a reduction of depreciation expense over the life of the assets acquired with the funds.

Asset Retirement Obligation

Seaboard has recorded long-lived assets and a related liability for the asset retirement obligation costs associated with the closure of the hog lagoons it is legally obligated to close in the future should Seaboard cease operations or plan to close such lagoons voluntarily in accordance with a changed operating plan. Based on detailed assessments and appraisals obtained to estimate the future retirement costs, Seaboard has determined and recorded the present value of the projected costs in non-current other liabilities on the Consolidated Balance Sheet, with the retirement asset depreciated over the economic life of the related asset. For 2009, the adjustment to existing lagoons relates to changes in certain state regulations for lagoon closures. The following table shows the changes in the asset retirement obligation during 2009 and 2008.

	Years ended December 31,	
(Thousands of dollars)	2009	2008
Beginning balance	$ 8,846	$ 8,117
Accretion expense	652	602
Liability for additional lagoons placed in service	-	127
Adjustment to existing lagoons	1,592	-
Ending balance	$11,090	$ 8,846

Income Taxes

Deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. However, in the future as these timing differences reverse, a lower statutory tax rate may apply pursuant to the provisions for domestic manufacturers of the American Jobs Creation Act of 2004. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10-55 (formerly FASB Staff Position No. 109-1, "Application of FASB Statement No. 109, *Accounting for Income Taxes,* to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004"), Seaboard will recognize the benefit or cost of this change in the future.

Revenue Recognition

Revenue of the containerized cargo service is recognized ratably over the transit time for each voyage with expenses associated with containerized cargo service being recognized as incurred. Revenue of the commodity trading business is recognized when the commodity is delivered to the customer, collection is reasonably assured, and the sales price is fixed or determinable. Revenues from all other commercial exchanges are recognized at the time products are shipped or delivered in accordance with shipping terms or services rendered, the customer takes ownership and assumes risk of loss, collection is reasonably assured and the sales price is fixed or determinable. As a result of a marketing agreement with Triumph Foods, beginning in 2006, Seaboard's sales prices for its pork products included in product revenues are primarily based on a margin sharing arrangement that considers the average sales price and mix of products sold from both Seaboard's and Triumph Foods' hog processing plants. Seaboard earns a fee for marketing the pork products of Triumph Foods and recognizes this fee as service revenue primarily based on the number of head processed by Triumph Foods.

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.

Earnings Per Common Share

Earnings per common share are based upon the weighted average shares outstanding during the period. Basic and diluted earnings per share are the same for all periods presented.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, management considers all demand deposits and overnight investments as cash equivalents. Net cash from operating activities was increased and net cash from investing activities was decreased from prior year presentation by $1,333,000 and $1,954,000 for 2008 and 2007, respectively, to conform to the 2009 presentation of dividends received from foreign affiliates. The following table shows the amounts paid for interest and income taxes.

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
Interest (net of amounts capitalized)	$ 13,845	$ 14,037	$ 11,733
Income taxes (net of refunds)	(10,542)	10,815	20,993

Supplemental Noncash Transactions

As more fully described in Note 13, in May 2009 Seaboard received sovereign government bonds of the Dominican Republic with a par value of $20,000,000 denominated in U.S. dollars to satisfy the same amount of outstanding billings owed by a customer that Seaboard had classified as long-term. During the fourth quarter of 2009, Seaboard sold a portion of these bonds with par value of $9,700,000. At December 31, 2009, the remaining $10,300,000 par value of bonds are classified as available-for-sale short term investments on the Consolidated Balance Sheet. During January and February 2010, Seaboard sold the remaining bonds resulting in an immaterial loss.

As more fully described in Note 2, Seaboard repurchased the 4.74% equity interest in Seaboard Foods LLC 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)	Year ended December 31, 2007
Increase in fixed assets	$ 7,976
Increase in intangible assets	3,745
Increase in goodwill	12,256
Decrease in non-controlling interest	37,933
Increase in deferred income tax liability	(650)
Cash paid	$ 61,260

In the fourth quarter of 2007, the Power segment received $4,500,000 of fixed assets for the settlement of a receivable, not related to its business and purchased at a discount, and recognized a gain of $3,596,000 included in other investment income.

Foreign Currency Transactions and Translation

Seaboard has operations in and transactions with customers in a number of foreign countries. The currencies of the countries fluctuate in relation to the U.S. dollar. Certain of the major contracts and transactions, however, are denominated in U.S. dollars. In addition, the value of the U.S. dollar fluctuates in relation to the currencies of countries where certain of Seaboard's foreign subsidiaries and affiliates primarily conduct business. These fluctuations result in exchange gains and losses. The activities of these foreign subsidiaries and affiliates are primarily conducted with U.S. subsidiaries or operate in hyper-inflationary environments. As a result, the financial statements of certain foreign subsidiaries and affiliates are re-measured using the U.S. dollar as the functional currency. Included in foreign currency gain (loss), net for the years ended December 31, 2009, 2008 and 2007 was a foreign currency gain of $4,794,000, a foreign currency loss of $(4,575,000) and a foreign currency gain of $1,000,000, respectively. These losses and gains reflect the re-measurements as of December 31, 2008 and 2007 of a note payable denominated in Japanese Yen, as discussed in Note 8, of a foreign consolidated subsidiary accounted for on a one-month lag except for this re-measurement of this note payable. The currency gains for 2009 and 2007 and losses for 2008 were primarily offset by a mark-to-market currency loss for December in 2009 and 2007 and a gain in December for 2008 from a foreign currency derivative contract discussed in Note 9. The note payable and related foreign currency derivative were terminated in December 2009.

Seaboard's Sugar segment and three non-controlled, non-consolidated foreign affiliates (milling businesses in Colombia, Kenya and Lesotho), use local currency as their functional currency. Assets and liabilities of these subsidiaries are translated to U.S. dollars at year-end exchange rates, and income and expense items are translated at average rates. Translation gains and losses are recorded as components of other comprehensive loss. U.S. dollar denominated net asset or liability conversions to the local currency are recorded through income.

Derivative Instruments and Hedging Activities

Seaboard recognizes all derivatives as either assets or liabilities at their fair values. Accounting for changes in the fair value of a derivative depends on its designation and effectiveness. Derivatives qualify for treatment as hedges for accounting purposes when there is a high correlation between the change in fair value of the instrument and the related change in value of the underlying commitment. In order to designate a derivative financial instrument as a hedge for accounting purposes, extensive record keeping is required. For derivatives that qualify as hedges for accounting purposes, the change in fair value has no net impact on earnings, to the extent the derivative is considered effective, until the hedged transaction affects earnings. For derivatives that are not designated as hedging instruments for accounting purposes, or for the ineffective portion of a hedging instrument, the change in fair value does affect current period net earnings.

Seaboard holds and issues certain derivative instruments to manage various types of market risks from its day-to-day operations primarily including commodity futures and option contracts and foreign currency exchange agreements, and from time-to-time, forward freight agreements and interest rate exchange agreements. While management believes each of these instruments primarily are entered into in order to effectively manage various market risks, as

of December 31, 2009, none of the derivatives are designated and accounted for as hedges primarily as a result of the extensive record-keeping requirements. From time to time, Seaboard may enter into speculative derivative transactions related to its market risks.

New Accounting Standards

In June 2009, the FASB issued ASC Topic 810-10 (formerly Financial Accounting Standard (FAS) No. 167 "Amendments to FASB Interpretation No. 46(R)"). This Topic amends Interpretation 46(R) and requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity (VIE). This analysis identifies the primary beneficiary of a VIE as the enterprise that has both the power to direct the most significant activities of a VIE and the obligation to absorb losses or the right to receive benefits from the VIE.

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

Recently Adopted Accounting Standards

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

Note 2

Acquisitions and Repurchase of Noncontrolling Interest

On July 5, 2005, Seaboard acquired Daily's, a bacon processor located in the western United States. As part of this acquisition, a 4.74% equity interest in Seaboard Foods LLC was issued to the sellers. On December 27, 2006, Seaboard entered into a Purchase Agreement to repurchase the 4.74% equity interest in Foods 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. The total purchase price for the 4.74% equity interest in Seaboard Foods LLC 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.

As a result of the Daily's acquisition and repurchase, the Pork segment is the only segment with goodwill or intangible assets. The following table is a summary of goodwill and intangible assets acquired from the Daily's acquisition and Seaboard's repurchase of Daily's 4.74% equity interest in Foods, at December 31, 2009 and 2008.

(Thousands of dollars)	December 31, 2009	2008
Intangibles subject to amortization:		
Gross carrying amount:		
Customer relationships	$ 9,045	$ 9,045
Covenants not to compete	1,500	1,500
	10,545	10,545
Accumulated amortization:		
Customer relationships	(5,519)	(4,210)
Covenants not to compete	(1,350)	(1,050)
	(6,869)	(5,260)
Net carrying amount:		
Customer relationships	3,526	4,835
Covenants not to compete	150	450
Intangibles subject to amortization, net	3,676	5,285
Intangibles not subject to amortization:		
Carrying amount-trade names and registered trademarks	17,000	17,000
Total intangible assets, net	20,676	22,285
Goodwill	40,628	40,628
Total goodwill and intangible assets, net	$ 61,304	$ 62,913

The amortization expense of amortizable intangible assets for the years ended December 31, 2009, 2008 and 2007 was $1,610,000, $1,610,000, and $1,610,000, respectively. Amortization expense for the five succeeding years is $930,000 for the next year and $250,000 each for the second, third, fourth and fifth year.

As of December 31, 2009, the Pork segment had $28,372,000 of goodwill and $17,000,000 of other intangible assets not subject to amortization in connection with its acquisition of Daily's in 2005. In 2008, revised projected future sales prices as of December 31, 2008 indicated the potential for impairment. In addition, the overall downturn of the United States economy and Seaboard's stock price trading below book value during the fourth quarter of 2008 provided additional indicators that Seaboard should reassess its annual evaluation for impairment related to Daily's intangible assets. This reassessment included downward revisions in previously used future projected sales volumes and royalty rate assumptions used in the measurement of Daily's trade name as a result of the current economic conditions. This analysis resulted in a $7,000,000 impairment charge recorded in cost of sales on the Consolidated Statements of Earnings during the fourth quarter of 2008 to write down the recorded value of Daily's trade name to its estimated fair value of $17,000,000 as of December 31, 2008. After this impairment charge, there was no indication of potential impairment of goodwill related to Daily's as the revised estimated enterprise fair value of Daily's exceeded its book value as of December 31, 2008. As of July 4, 2009, Seaboard conducted its annual evaluation for impairment of this goodwill and other intangible assets related to Daily's and, based on current market conditions indicating future sale price increases, additional processed meats sales volumes and related levels of estimated operating margins determined there was no impairment as of December 31, 2009.

Note 3

Short Term Investments

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

Seaboard's short-term investments are treated as either available-for-sale securities or trading securities. All of Seaboard's available-for-sale and trading securities are classified as current assets as they are readily available to support Seaboard's current operating needs. All of Seaboard's short term investments are recorded at their estimated fair market values.

As of December 31, 2009 and 2008, the available-for-sale investments primarily consisted of money market funds, fixed rate municipal notes and bonds, corporate bonds and U.S. Government agency securities. At December 31, 2009 and 2008, short-term investments included $14,710,000 and $14,553,000, respectively, held by a wholly-owned consolidated insurance captive to pay Seaboard's retention of accrued outstanding workers' compensation claims. At December 31, 2009 and 2008, amortized cost and estimated fair market value were not materially different for these investments. As of December 31, 2009, the trading securities primarily consisted of high yield debt securities. As of December 31, 2009 and 2008, unrealized gains related to trading securities were $2,206,000 and $2,763,000, respectively.

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

	2009		2008	
(Thousands of dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Money market funds	$153,699	$153,699	$ 79,059	$ 79,059
Fixed rate municipal notes and bonds	144,794	148,609	170,150	173,096
Corporate bonds	34,663	35,449	5,006	4,800
U.S. Government agency securities	15,907	16,272	25,338	25,514
Foreign government debt securities	10,300	10,210	-	-
Asset backed debt securities	8,447	8,484	4,250	4,068
Variable rate demand notes	1,900	1,900	7,900	7,900
Other	3,060	3,069	6,975	6,472
Total available for sale short-term investments	372,770	377,692	298,678	300,909
High yield trading debt securities	24,784	26,771	-	-
Other trading debt securities	2,669	2,888	-	-
Domestic trading equity securities	-	-	9,008	11,771
Total available for sale and trading short-term investments	$400,223	$407,351	$ 307,686	$ 312,680

The following table summarizes the estimated fair value of fixed rate securities designated as available-for-sale classified by the contractual maturity date of the security as of December 31, 2009.

(Thousands of dollars)	2009
Due within one year	$ 55,764
Due after one year through three years	99,562
Due after three years	58,471
Total fixed rate securities	$213,797

In addition to its short-term investments, Seaboard also has trading securities related to Seaboard's deferred compensation plans classified in other current assets on the Condensed Consolidated Balance Sheets. See Note 9 for information on the types of trading securities held related to the deferred compensation plans and Note 10 for a discussion of assets held in conjunction with investments related to Seaboard's defined benefit pension plan.

Note 4

Inventories

The following table is a summary of inventories at the end of each year.

(Thousands of dollars)	December 31, 2009	2008
At lower of LIFO cost or market:		
Live hogs and materials	$ 192,999	$ 201,654
Fresh pork and materials	22,398	26,480
	215,397	228,134
LIFO adjustment	(22,807)	(40,672)
Total inventories at lower of LIFO cost or market	192,590	187,462
At lower of FIFO cost or market:		
Grains and oilseeds	174,508	179,774
Sugar produced and in process	47,429	56,259
Other	46,804	36,964
Total inventories at lower of FIFO cost or market	268,741	272,997
Grain, flour and feed at lower of weighted average cost or market	37,256	48,536
Total inventories	$ 498,587	$ 508,995

The use of the LIFO method increased 2009 earnings by $10,898,000 ($8.81 per common share) and decreased 2008 and 2007 net earnings by $10,469,000 ($8.42 per common share) and $15,230,000 ($12.11 per common share), respectively. If the FIFO method had been used for certain inventories of the Pork segment, inventories would have been higher by $22,807,000 and $40,672,000 as of December 31, 2009 and 2008, respectively.

As of December 31, 2009, Seaboard had $10,784,000 recorded in grain inventories related to its commodity trading business that are committed to various customers in foreign countries for which customer contract performance is a heightened concern. If Seaboard is unable to collect amounts from these customers as currently estimated or 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 the current carrying value. For similar inventories that existed prior to December 31, 2009, Seaboard incurred a write-down in the first quarter of 2009 in the amount of $8,801,000 (with no tax benefit recognized), or $7.10 per share and a write-down of $7,010,000 in 2008, including $5,653,000 ($4,940,000 net of tax), or $3.98 per share, recorded in the fourth quarter of 2008.

Note 5

Investments in and Advances to Foreign Affiliates

Seaboard's investments in and advances to non-controlled, non-consolidated foreign affiliates are primarily with businesses conducting flour, maize and feed milling. As of December 31, 2009, the location and percentage ownership of these foreign affiliates are as follows: Democratic Republic of Congo (50%), Lesotho (50%), Kenya (35%), and Nigeria (25-48%) in Africa; Colombia (40%) and Ecuador (25-50%) in South America; and Haiti (23%) in the Caribbean. Also, Seaboard has an investment in a grain trading business in Peru (50%). Seaboard generally is the primary provider of choice for grains and supplies purchased by these non-controlled foreign affiliates. As Seaboard conducts its commodity trading business with third parties, consolidated subsidiaries and foreign affiliates on an interrelated basis, gross margin on foreign affiliates cannot be clearly distinguished without making numerous assumptions primarily with respect to mark-to-market accounting for commodity derivatives. In addition, Seaboard has investments in and advances to two sugar-related businesses in Argentina (46% - 50%). The equity method is used to account for all of the above investments.

In September 2007, Seaboard acquired for $8,500,000 a 40% non-controlling interest, including cash contributed into the business, in a flour milling business in Colombia. During the fourth quarter of 2007, Seaboard acquired for $6,620,000 a 50% non-controlling interest in a grain trading business in Peru. Both of these investments are accounted for using the equity method. At December 31, 2009, Seaboard's investment in foreign affiliates included $3,778,000 related to the excess difference between the amount at which these investments were carried and the amount of underlying equity in net assets. The amortizable assets are being amortized to earnings from foreign affiliates over the remaining life of the assets.

Seaboard also had an investment in a Bulgarian wine business (the Business). Beginning in March 2007, this business was unable to make its scheduled loan payments and was 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, after recording its share of operating losses for the fourth quarter, Seaboard discontinued using the equity method of accounting. In accordance with ASC Topic 323-10-35 (formerly FASB Staff Position APB 18-1), Seaboard reversed $2,801,000 of previously recorded foreign currency translation gains out of Accumulated Other Comprehensive Loss in the equity section of the balance sheet related to this investment, wrote-off the remaining investment balance of $1,472,000, and recognized as income the remaining net amount of foreign currency gains of $1,329,000 as of December 31, 2007. In 2007, Seaboard recorded 50% of the losses from the Business. In February 2009, Seaboard received approximately $64,000 for all of its remaining shares outstanding in this Business.

In prior years, Seaboard's equity investments in its Nigerian non-consolidated foreign affiliates were written down to zero and Seaboard suspended using the equity method of accounting for these non-consolidated foreign affiliates as losses allocated to Seaboard exceeded the investment. During the fourth quarter of 2009, the application of the equity method of accounting was resumed for these entities as a result of Seaboard's proportionate share of income exceeding the share of losses not recognized during the prior periods. A significant factor to this occurring was the result of one of the entities discontinuing its feed mill operations by selling its trade name and certain assets to an entity in exchange for a minority ownership in such entity, and a separate sale of land and building to a third party for cash. Seaboard's proportionate share of these two asset sales represents approximately $2,323,000 of the income from foreign affiliates for 2009.

Combined condensed financial information of the non-controlled, non-consolidated foreign affiliates for their fiscal periods ended within each of Seaboard's years ended, excluding the Bulgarian wine operation's financial position as of December 31, 2007 and net sales and net loss for 2008 and 2009 of Other Businesses, were as follows:

Commodity Trading and Milling Segment		December 31,		
(Thousands of dollars)		2009	2008	2007
Net sales	$	1,051,621	1,053,818	613,695
Net income	$	45,867	34,955	12,263
Total assets	$	412,849	412,555	347,040
Total liabilities	$	215,146	247,337	211,694
Total equity	$	197,703	165,218	135,346

Other Businesses		December 31,		
(Thousands of dollars)		2009	2008	2007
Net sales	$	22,293	20,660	30,053
Net income (loss)	$	2,169	923	(2,621)
Total assets	$	11,544	15,506	13,802
Total liabilities	$	6,265	11,396	11,021
Total equity	$	5,279	4,110	2,781

Note 6

Property, Plant and Equipment

The following table is a summary of property, plant and equipment at the end of each year.

(Thousands of dollars)	Useful Lives	December 31, 2009	2008
Land and improvements	15 years	$ 164,290	$ 161,115
Buildings and improvements	30 years	345,031	339,672
Machinery and equipment	3-20 years	697,656	760,225
Vessels and vehicles	3-18 years	161,125	167,126
Office furniture and fixtures	5 years	25,769	25,236
Construction in progress		32,868	32,177
		1,426,739	1,485,551
Accumulated depreciation and amortization		(735,396)	(721,876)
Net property, plant and equipment		$ 691,343	$ 763,675

During the first half of 2008, Seaboard started operations at its newly constructed biodiesel plant. The ongoing profitability of this plant is primarily based on future sales prices, the price of alternative inputs, enforcement of government usage mandates and reinstituting federal tax credits, which expired at the end of 2009. Management believes the federal tax credits will be renewed retroactive to January 1, 2010, sometime during 2010. Several tax credits were allowed to expire at the end of 2009 and the U.S. Congress has indicated these will be specifically reviewed again in 2010. As of December 31, 2009, Seaboard performed an impairment evaluation of this plant and determined there was no impairment based on management's current assumptions of future production volumes, sales prices, cost inputs and the probabilities of the combination of federal usage mandates and tax credits being renewed. However, if the federal tax credits are not renewed as discussed above, and future market conditions do not produce projected sales prices or expected cost inputs or there is a material change in the enforcement of government usage mandates or other available tax credits, there is a possibility that some amount of the recorded value of this processing plant could be deemed impaired during some future period including 2010, which may result in a charge to earnings. The net book value of these assets as of December 31, 2009 was $43,162,000.

As of December 31, 2009, the net book value of $20,090,000 for two barges previously classified as machinery and equipment was reclassified as held for sale in non-current other assets. See Note 13 to the Consolidated Financial Statements for further discussion.

Note 7

Income Taxes

Income taxes attributable to continuing operations for the years ended December 31, 2009, 2008 and 2007 differed from the amounts computed by applying the statutory U.S. Federal income tax rate of 35 percent to earnings (loss) before income taxes excluding noncontrolling interest for the following reasons:

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
Computed "expected" tax expense excluding noncontrolling interest	$ 31,572	$ 43,481	$ 67,028
Adjustments to tax expense attributable to:			
Foreign tax differences	(20,332)	(54,232)	(40,841)
Tax-exempt investment income	(1,809)	(2,554)	(4,658)
State income taxes, net of federal benefit	(3,010)	(1,966)	1,078
Change in valuation allowance	(2,146)	(1,977)	(5,754)
Federal tax credits	(3,672)	(4,390)	(1,124)
Change in pension deferred tax	(3,508)	335	131
Other	629	(1,386)	(5,683)
Total income tax expense (benefit)	$ (2,276)	$ (22,689)	$ 10,177

Earnings before income taxes consisted of the following:

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
United States	$ (14,511)	$ (28,988)	$ 38,788
Foreign	104,717	153,218	152,721
Total earnings excluding noncontrolling interest	90,206	124,230	191,509
Plus earnings attributable to noncontrolling interest	965	(596)	64
Total earnings before income taxes	$ 89,241	$ 124,826	$ 191,445

The components of total income taxes were as follows:

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
Current:			
Federal	$ 943	$ (25,462)	$ 24,192
Foreign	8,454	8,259	5,935
State and local	(125)	823	2,542
Deferred:			
Federal	(18,216)	(1,280)	(21,789)
Foreign	10,285	(1,425)	1,453
State and local	(3,617)	(3,604)	(2,156)
Income tax expense (benefit)	(2,276)	(22,689)	10,177
Unrealized changes in other comprehensive income	(3,206)	(11,525)	2,492
Total income taxes	$ (5,482)	$ (34,214)	$ 12,669

As of December 31, 2009 and 2008, Seaboard had income taxes receivable of $4,923,000 and $24,688,000, respectively, primarily related to domestic tax jurisdictions and had income taxes payable of $2,048,000 and $3,946,000, respectively, primarily related to foreign tax jurisdictions.

Components of the net deferred income tax liability at the end of each year were as follows:

(Thousands of dollars)	December 31, 2009	2008
Deferred income tax liabilities:		
Cash basis farming adjustment	$ 11,065	$ 12,001
Deferred earnings of foreign subsidiaries	-	2,749
Depreciation	100,815	94,313
LIFO	242	17,330
Other	2,233	2,368
	$ 114,355	$ 128,761
Deferred income tax assets:		
Reserves/accruals	$ 50,097	$ 48,708
Tax credit carryforwards	12,659	9,271
Deferred earnings of foreign subsidiaries	1,733	-
Net operating and capital loss carryforwards	18,648	16,381
Foreign minimum tax credit carryforward	10,104	8,152
Other	679	314
	93,920	82,826
Valuation allowance	28,621	21,075
Net deferred income tax liability	$ 49,056	$ 67,010

Seaboard recognizes interest accrued related to unrecognized tax benefits and penalties in income tax expense. For the years ended December 31, 2009, 2008 and 2007, such interest and penalties were not material. The Company had approximately $1,153,000 and $726,000 accrued for the payment of interest and penalties on uncertain tax positions at December 31, 2009, and 2008, respectively.

As of December 31, 2009 and 2008, Seaboard had $3,395,000 and $3,464,000, respectively, in total unrecognized tax benefits all of which, if recognized, would affect the effective tax rate. Seaboard does not have any material 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 following table is a reconciliation of the beginning and ending amount of unrecognized tax benefits.

(Thousands of dollars)	2009	2008
Beginning balance at January 1	$ 3,464	$ 433
Additions for uncertain tax positions of prior years	206	-
Decreases for uncertain tax positions of prior years	(184)	(77)
Additions for uncertain tax positions of current year	32	3,108
Settlements	(15)	-
Lapse of statute of limitations	(108)	-
Ending balance at December 31	$ 3,395	$ 3,464

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.

As of December 31 2009, Seaboard had not provided for U.S. Federal Income and foreign withholding taxes on $655,964,000 of undistributed earnings from foreign operations as Seaboard intends to reinvest such earnings indefinitely outside of the United States. Determination of the tax that might be paid on these undistributed earnings if eventually remitted is not practicable.

Seaboard has tax holidays in one foreign country in 2009 and 2008 and had tax holidays in two foreign countries in 2007 which resulted in tax savings of approximately $3,259,000, $1,961,000, and $2,646,000 or $2.63, $1.58, and $2.10 per diluted earnings per common share for the years ended December 31, 2009, 2008 and 2007, respectively. One of these expired at the end of 2007 and the other expires in 2012.

Management believes Seaboard's future taxable income will be sufficient for full realization of the net deferred tax assets. The valuation allowance relates to the tax benefits from foreign net operating losses, U.S. charitable contribution carryforwards and capital losses. Management does not believe these benefits are more likely than not to be realized due to limitations imposed on the deduction of these losses. The increase of $7,546,000 in the valuations allowance for 2009 was primarily the result of foreign minimum income tax credits which are subject to a limited carryforward period and taxable income limitations, partially offset by the realization of capital loss carryforwards. At December 31, 2009, Seaboard had foreign net operating loss carryforwards (NOLs) of approximately $36,110,000 a portion of which expire in varying amounts between 2010 and 2016, while others have indefinite expiration periods.

At December 31, 2009, Seaboard had state tax credit carryforwards of approximately $12,368,000 net of valuation allowance, all of which carryforward indefinitely.

Note 8

Notes Payable and Long-term Debt

Notes payable amounting to $81,262,000 and $177,205,000 at December 31, 2009 and 2008, respectively, consisted of obligations due banks on demand or based on Seaboard's ability and intent to repay within one year. In the fourth quarter of 2009, Seaboard obtained letter of credit financing that replaced existing letters of credit resulting in an increase to borrowing capacity by approximately $16,303,000. At December 31, 2009, Seaboard had a committed line totaling $300,000,000, maturing July 10, 2013, and uncommitted lines totaling approximately $135,588,000 of which $98,588,000 of the uncommitted lines relate to foreign subsidiaries. At December 31, 2009, there were no borrowings outstanding under the committed line and borrowings outstanding under the uncommitted lines totaled $33,762,000, all related to foreign subsidiaries. The uncommitted borrowings outstanding at December 31, 2009 primarily represented $24,899,000 denominated in South African rand. Also included in Notes Payable at December 31, 2008 was a term note of $56,638,000 denominated in Japanese Yen which was converted during the fourth quarter of 2008 from a previous uncommitted line. The term note denominated in Japanese Yen was paid off in December 2009 and replaced with a term note denominated in U.S. dollars with a balance of $47,500,000 at December 31, 2009. The weighted average interest rates for outstanding notes payable were 6.07% and 6.04% at December 31, 2009 and 2008, respectively.

At December 31, 2009, Seaboard's borrowing capacity under its committed and uncommitted lines were reduced by letters of credit (LCs) totaling $41,720,000, and $3,780,000, respectively, primarily including $26,385,000 of LCs for Seaboard's outstanding Industrial Development Revenue Bonds (IDRBs) and $16,802,000 related to insurance coverages.

The notes payable to banks under the credit lines are unsecured. The lines of credit do not require compensating balances. Facility fees on these agreements are not material.

The following table is a summary of long-term debt at the end of each year.

(Thousands of dollars)	December 31, 2009	2008
Private placements:		
5.80% senior notes, repaid in 2009	$ -	$ 6,500
6.21% senior notes, repaid in 2009	-	38,000
6.21% senior notes, due 2010 through 2012	3,214	4,286
6.92% senior notes, due 2012	31,000	31,000
Industrial Development Revenue Bonds, floating rates (.39% - .44% at December 31, 2009) due 2014 through 2027	41,800	41,800
Bank debt, 6.87% – 7.60%, repaid in 2009	-	319
Foreign subsidiary obligations, 17.00%, due 2010	688	1,217
Foreign subsidiary obligation, floating rate	232	262
Capital lease obligations and other	1,935	2,230
	78,869	125,614
Current maturities of long-term debt	(2,337)	(47,054)
Long-term debt, less current maturities	$ 76,532	$ 78,560

Of the 2009 foreign subsidiary obligations, $688,000 was denominated in CFA francs, $232,000 was payable in Argentine pesos, and the foreign subsidiary obligations denominated in Mozambique metical was repaid in 2009. Of the 2008 foreign subsidiary obligations, $1,074,000 was denominated in CFA francs, $262,000 was payable in Argentine pesos, and the remaining $143,000 was denominated in Mozambique metical.

The terms of the note agreements pursuant to which the senior notes, IDRBs, bank debt and credit lines were issued require, among other terms, the maintenance of certain ratios and minimum net worth, the most restrictive of which requires consolidated funded debt not to exceed 50% of consolidated total capitalization; an adjusted leverage ratio of less than 3.5 to 1.0; requires the maintenance of consolidated tangible net worth, as defined, of not less than $1,150,000,000 plus 25% of cumulative consolidated net income beginning March 29, 2008; limits aggregate dividend payments to $10,000,000 plus 50% of consolidated net income less 100% of consolidated net losses beginning January 1, 2002 plus the aggregate amount of Net Proceeds of Capital Stock for such period ($535,883,000 as of December 31, 2009) or $15,000,000 per year under certain circumstances; limits the sum of subsidiary indebtedness and priority indebtedness to 10% of consolidated tangible net worth; and limits Seaboard's ability to acquire investments and sell assets under certain circumstances. Seaboard is in compliance with all restrictive debt covenants relating to these agreements as of December 31, 2009.

Annual maturities of long-term debt at December 31, 2009 are as follows: $2,337,000 in 2010, $1,477,000 in 2011, $32,546,000 in 2012, $556,000 in 2013, $7,953,000 in 2014 and $34,000,000 thereafter.

Note 9

Derivatives and Fair Value of Financial Instruments

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

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

that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Quoted Prices In Active Markets for Identical Assets - 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: Significant Other Observable Inputs - 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: Significant Unobservable Inputs - Unobservable inputs that reflect the reporting entity's own assumptions.

The following table shows assets and liabilities measured at fair value (derivatives exclude margin accounts) on a recurring basis as of December 31, 2009 and also the level within the fair value hierarchy used to measure each category of assets.

(Thousands of dollars)	Balance December 31, 2009	Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities – short-term investments:				
Money market funds	$153,699	$153,699	$ -	$ -
Fixed rate municipal notes and bonds	148,609	-	148,609	-
Corporate bonds	35,449	-	35,449	-
U.S. Government agency securities	16,272	-	16,272	-
Foreign government debt securities	10,210	-	10,210	-
Asset backed debt securities	8,484	-	8,484	-
Variable rate demand notes	1,900	-	1,900	-
Other	3,069	-	3,069	-
Trading securities- short term investments:				
High yield debt securities	26,771	-	26,771	-
Other debt securities	2,888	-	2,888	-
Trading securities – other current assets:				
Domestic equity securities	10,834	10,834	-	-
Foreign equity securities	7,054	3,327	3,727	-
Fixed income mutual funds	2,027	2,027	-	-
U.S. Treasury securities	1,466	-	1,466	-
Money market funds	2,649	2,649	-	-
U.S. Government agency securities	2,516	-	2,516	-
Other	139	139	-	-
Derivatives	5,040	4,610	430	-
Total Assets	$ 439,076	$177,285	$ 261,791	$ -
Total Liabilities – Derivatives	$ 8,231	$ 2,288	$ 5,943	$ -

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

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

The fair value of long-term debt is estimated by comparing interest rates for debt with similar terms and maturities. The amortized cost and estimated fair values of investments and long-term debt at December 31, 2009 and 2008 are presented below.

December 31,	2009		2008	
(Thousands of dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Short-term investments, available for sale	$ 372,770	$ 377,692	$ 298,678	$ 300,909
Short-term investments, trading debt securities	27,453	29,659	-	-
Short-term investments, trading equity securities	-	-	9,008	11,771
Long-term debt	78,869	82,415	125,614	131,822

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

Commodity Instruments

Seaboard uses various grain, meal, hog, pork bellies and energy resource related futures and options to manage its risk to price fluctuations for raw materials and other inventories, finished product sales and firm sales commitments. From time to time, Seaboard may enter into speculative derivative transactions not directly related to its raw material requirements. The nature of Seaboard's market risk exposure has not changed materially since December 31, 2008. Commodity derivatives are recorded at fair value with any changes in fair value being marked to market as a component of cost of sales on the Consolidated Statements of Earnings. Since these derivatives are not accounted for as hedges, fluctuations in the related commodity prices could have a material impact on earnings in any given year.

At December 31, 2009, Seaboard had open net derivative contracts to sell 13,955,000 bushels of grain, 1,344,000 gallons of heating oil and 87,900 tons of soybean meal and to purchase 2,720,000 pounds of hogs. At December 31, 2008, Seaboard had open net contracts to purchase and (sell) (8,305,000) bushels of grain with a fair value of $(3,272,000) 61,000 tons of soybean meal with a fair value of $(589,000) and 13,200,000 pounds of hogs with a fair value of $(23,000), included with other accrued liabilities or other current assets on the Consolidated Balance Sheets. At December 31, 2008, Seaboard had contracts to sell 1,722,000 tons of heating oil with a fair value of $59,000. For the years ended December 31, 2009, 2008 and 2007 Seaboard recognized net realized and unrealized gains of $7,047,000, $36,156,000, and $18,469,000, respectively, related to commodity contracts, primarily included in cost of sales on the Consolidated Statements of Earnings.

Foreign currency exchange agreements

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

At December 31, 2009, Seaboard had trading foreign exchange contracts to cover its firm sales and purchase commitments and related trade receivables and payables with notional amounts of $193,379,000 primarily related to the South African Rand and the Euro. At December 31, 2009, Seaboard did not have any trading foreign exchange contracts to cover various foreign currency working capital needs related to the South African Rand.

At December 31, 2008, Seaboard had trading foreign exchange contracts (receive $U.S./pay South African Rand (ZAR)) to cover its firm sales commitments and trade receivables with notional amounts of $77,343,000 with a fair value of $1,817,000, included in other accrued liabilities on the Consolidated Balance Sheet. At December 31, 2008, Seaboard had trading foreign exchange contracts (receive $U.S./pay ZAR) to cover various foreign currency working capital needs for notional amounts of $28,490,000, with fair values of $(114,000).

At December 31, 2008, Seaboard had trading foreign exchange contracts (receive $U.S./pay Euro) to cover its firm sales commitments and trade receivables with a notional amount of $43,076,000, with fair values of $(2,367,000), included in other accrued liabilities on the Consolidated Balance Sheet.

At December 31, 2008, Seaboard had trading foreign exchange contracts (pay $U.S./receive Canadian Dollars) to cover its purchase commitments and trade payables with a notional amount of $105,000 with fair values of $6,000.

At December 31, 2008, Seaboard had trading foreign exchange contracts (receive Japanese Yen/pay $U.S.) to cover note payable borrowings for a term note denominated in Japanese Yen for notional amounts of $58,781,000, with fair values of $1,017,000.

Forward Freight Agreements

The Commodity Trading and Milling segment enters into certain forward freight agreements, viewed as taking long positions in the freight market as well as covering short freight sales, which may or may not result in actual losses when future trades are executed. These forward freight agreements, which expired in the fourth quarter of 2009, are not accounted for as hedges but are viewed by management as an economic hedge against the potential of future rising charter hire rates to be incurred by this segment for bulk cargo shipping while conducting its business of delivering grains to customers in many international locations. At December 31, 2009, there were no outstanding forward freight agreements. At December 31, 2008, Seaboard had agreements to pay $41,500 and receive $47,750 per day during 2009 with fair values of $(11,636,000) and $13,917,000, respectively, included with other accrued liabilities and other current assets on the Consolidated Balance Sheet. Since these agreements are not accounted for as hedges, the change in value related to these agreements is recorded in cost of sales-products on the Consolidated Statement of Earnings. Forward freight agreements had no net exposure to a change in market price as the two open forward freight agreements offset each other at December 31, 2008. As of December 31, 2009, there were no such agreements outstanding.

Interest Rate Exchange Agreements

In December 2008 and again in March 2009, Seaboard entered into ten-year interest rate exchange agreements which involves the exchange of fixed-rate and variable-rate interest payments over the life of the agreements without the exchange of the underlying notional amounts to mitigate the effects of fluctuations in interest rates on variable rate debt. Seaboard agreed to pay a fixed rate and receive a variable rate of interest on two notional amounts of $25,000,000 each. In June 2009, Seaboard terminated both interest rate exchange agreements with a total notional value of $50,000,000. Seaboard received payments in the amount of $3,981,000 to unwind these agreements. Since these interest rate exchange agreements were not accounted for as hedges, the change in value related to these agreements were recorded in Miscellaneous, net in the Condensed Consolidated Statements of Earnings. As of December 31, 2009, there were no such agreements outstanding.

Counterparty Credit Risk

Seaboard is subject to counterparty credit risk related to its foreign currency exchange agreements and forward freight agreements. The maximum amount of loss due to the credit risk of the counterparties for these agreements, should the counterparties fail to perform according to the terms of the contracts, is $430,000 as of December 31, 2009. Seaboard's foreign currency exchange agreements have a maximum amount of loss due to credit risk in the amount of $430,000 with several counterparties. Seaboard does not hold any collateral related to these agreements.

The following table provides the amount of gain or (loss) recognized for each type of derivative and where it was recognized in the Condensed Consolidated Statement of Earnings for the year ended December 31, 2009.

(Thousands of dollars)		
December 31, 2009	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative
Commodities	Cost of sales-products	$ 7,047
Foreign currencies	Cost of sales-products	(27,676)
Foreign currencies	Foreign currency	(1,980)
Interest rate	Miscellaneous, net	5,312

The following table provides the fair value of each type of derivative held as of December 31, 2009 and where each derivative is included on the Condensed Consolidated Balance Sheets.

(Thousands of dollars)	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodities	Other current assets	$4,610	Other current liabilities	$2,288
Foreign currencies	Other current assets	430	Other current liabilities	5,943

Note 10

Employee Benefits

Seaboard maintains a defined benefit pension plan (the Plan) for its domestic salaried and clerical employees. The Plan generally provides eligibility for participation after one year of service upon attaining the age of 21. Benefits are generally based upon the number of years of service and a percentage of final average pay.

Seaboard has historically based pension contributions on minimum funding standards to avoid the Pension Benefit Guaranty Corporation variable rate premiums established by the Employee Retirement Income Security Act of 1974. However, because of Seaboard's positive liquidity position for the past three years, management authorized additional contributions to be made. In April 2007, Seaboard made a deductible contribution of $10,000,000 for the 2006 plan year, which resulted in a slightly overfunded status in the Plan as of December 31, 2007. In July 2009, Seaboard made a deductible contribution of $14,615,000 for the 2008 plan year as a result of the significant investment losses incurred in the Plan during the fourth quarter of 2008. Management anticipates making an additional deductible contribution to the Plan currently estimated to be between $8,000,000 and $15,000,000 for the 2009 and 2010 plan years.

In December 2008, the FASB issued ASC Topic 715-20-65 (formerly FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," amending FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits"). This Topic required more detailed disclosures regarding defined benefit pension plan assets, including investment policies and strategies, major categories of plan assets, valuation techniques used to measure the fair value of plan assets and significant concentration of risk within plan assets. Seaboard adopted these new disclosure requirements as of December 31, 2009. The adoption of this Topic did not have an impact on Seaboard's financial position or net earnings.

Assets are invested in the Plan to achieve a diversified overall portfolio consisting primarily of individual stocks, money market funds, collective investment funds, bonds and mutual funds. Seaboard is willing to accept a moderate level of risk to potentially achieve higher investment returns. The overall portfolio is evaluated relative to customized benchmarks, and is expected to exceed the customized benchmark over five year rolling periods and longer. The investment strategy provides investment managers' discretion and is periodically reviewed by management for continued appropriateness. Derivatives, real estate investments, non-marketable and private equity or placement securities are not allowed investments under the Plan. Seaboard's asset allocation targets and actual investment composition within the Plan were as follows:

	Target Allocation	Actual Plan Composition at December 31, 2009	2008
Domestic Large Cap Equity	36%	29%	33%
Domestic Small and Mid Cap Equity	14%	12%	13%
International Equity	15%	9%	14%
Fixed Income	34%	31%	39%
Cash and cash equivalents	1%	19%	1%

As described in Note 9 to the Consolidated Financial Statements, ASC Topic 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following table shows the Plan assets measured at estimated fair value as of December 31, 2009 and also the level within the fair value hierarchy used to measure each category of assets.

(Thousands of dollars)	Balance December 31, 2009	Level 1	Level 2	Level 3
Assets:				
Domestic equity securities	$ 19,355	$ 19,355	$ -	$ -
Money market funds	18,898	18,898	-	-
Collective investment funds	11,566	-	11,566	-
U.S. Government agency securities	8,875	-	8,875	-
Fixed income mutual funds	8,087	8,087	-	-
Foreign equity securities	7,003	2,402	4,601	-
Corporate bonds	4,179	-	4,179	-
U.S. Treasury securities	4,012	-	4,012	-
Mutual funds-equities	2,854	2,854	-	-
Total Assets	$ 84,829	$ 51,596	$ 33,233	$ -

Seaboard also sponsors non-qualified, unfunded supplemental executive plans and has certain individual, non-qualified, unfunded supplemental retirement agreements for certain retired employees. The unamortized prior service cost is being amortized over the average remaining working lifetime of the active participants for this plan. Management has no plans to provide funding for these supplemental executive plans in advance of when the benefits are paid.

Assumptions used in determining pension information for the plans were:

	Years ended December 31, 2009	2008	2007
Weighted-average assumptions			
Discount rate used to determine obligations	5.25-6.25%	6.25%	6.50%
Discount rate used to determine net periodic benefit cost	6.25%	6.50%	5.75%
Expected return on plan assets	7.50%	7.50%	7.50%
Long-term rate of increase in compensation levels	4.00-5.00%	4.00-5.00%	4.00-5.00%

Management selected the discount rate based on a model-based result where the timing and amount of cash flows approximates the estimated payouts. The expected return on Plan assets assumption is based on the weighted average of asset class expected returns that are consistent with historical returns. The assumed rate selected was based on model-based results that reflect the Plan’s asset allocation and related long-term projected returns. The measurement date for all plans is December 31. The unrecognized net actuarial losses are generally amortized over the average remaining working lifetime of the active participants for these plans.

The changes in the plans' benefit obligations and fair value of assets for the Plan, supplemental executive plans and retirement agreements for the years ended December 31, 2009 and 2008, and a statement of the funded status as of December 31, 2009 and 2008 were as follows:

December 31,	2009		2008
(Thousands of dollars)	Assets exceed accumulated benefits	Accumulated benefits exceed assets	Accumulated benefits exceed assets
Reconciliation of benefit obligation:			
Benefit obligation at beginning of year	$ 72,627	$ 60,287	$116,844
Service cost	2,925	3,115	5,199
Interest cost	4,572	3,611	7,510
Actuarial losses	4,669	1,188	8,023
Benefits paid	(2,504)	(3,790)	(4,662)
Plan amendments	-	1,215	-
Benefit obligation at end of year	$ 82,289	$ 65,626	$132,914
Reconciliation of fair value of plan assets:			
Fair value of plan assets at beginning of year	$ 58,321	$ -	$ 81,338
Actual return (loss) on plan assets	14,397	-	(20,626)
Employer contributions	14,615	3,790	2,271
Benefits paid	(2,504)	(3,790)	(4,662)
Fair value of plan assets at end of year	$ 84,829	$ -	$ 58,321
Funded status	$ 2,540	$ (65,626)	$ (74,593)

The funded status of the Plan was $2,540,000 and ($14,306,000) at December 31, 2009 and 2008, respectively. The accumulated benefit obligation for the Plan was $74,666,000 and $65,994,000 and for the other plans was $45,381,000 and $38,593,000 at December 31, 2009 and 2008, respectively. Expected future net benefit payments for all plans during each of the next five years and in aggregate for the five year period beginning with the sixth year are as follows: $6,161,000, $5,404,000, $5,797,000, $6,177,000, $6,665,000, and $47,450,000, respectively.

The amounts not reflected in net periodic benefit cost and included in accumulated other comprehensive income (AOCI) at December 31, 2009 and 2008 were as follows:

(Thousands of dollars)	2009	2008
Accumulated loss, net of gain	$ (48,346)	$ (56,322)
Prior service cost, net of credit	(8,209)	7,796)
Transitional obligation	(32)	(49)
Total Accumulated Other Comprehensive Income	$ (56,587)	$ (64,167)

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

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
Components of net periodic benefit cost:			
Service cost	$ 6,040	$ 5,199	$ 5,002
Interest cost	8,183	7,510	6,451
Expected return on plan assets	(4,761)	(6,029)	(5,486)
Settlement	-	-	3,671
Amortization and other	5,017	1,582	2,224
Net periodic benefit cost	$ 14,479	$ 8,262	$11,862

The accumulated unrecognized losses for 2008 in the Plan as of December 31, 2008 exceeded the 10% deferral threshold as permitted under U.S. GAAP as a result of the significant investment losses incurred during 2008. Accordingly, Seaboard's pension expense for the Plan increased by approximately $3,140,000 for 2009 as compared to 2008 as a result of loss amortization. In addition, pension expense for the Plan increased an additional $1,725,000 for 2009 as compared to 2008 as a result of reduced expected return on assets, from the decline of assets in the Plan during 2008, partially offset by approximately $457,000 in expected earnings from the 2009 contribution discussed above. Effective January 1, 2010, Seaboard split a portion of employees from the Plan into a new defined benefit pension. However, the split did not change the employees benefit and thus pension expense should not be materially impacted.

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 ASC Topic 715 (formerly FAS No. 88, "Employers Accounting for Settlements and Curtailments of Defined Benefit Pension for Termination Benefits.")

The amounts in AOCI expected to be recognized as components of net periodic benefit cost in 2010 are as follows:

(Thousands of dollars)	2010
Accumulated loss, net of gain	$ 3,128
Prior service cost, net of credit	930
Transition obligation	16
Estimated net periodic benefit cost	$ 4,074

Seaboard participates in a multi-employer pension fund, which covers certain union employees under a collective bargaining agreement. Seaboard is required to make contributions to this plan in amounts established under the collective bargaining agreement. Contribution expense for this plan was $509,000, $498,000, and $453,000 for the years ended December 31, 2009, 2008 and 2007, respectively. The applicable portion of the total plan benefits and net assets of this plan is not separately identifiable although Seaboard has received notice the pension fund was under funded. Seaboard could, under certain circumstances, be liable for unfunded vested benefits or other expenses of this jointly administered union plan. Seaboard has not established any liabilities for potential future withdrawal as such withdrawal from this plan is not probable.

Seaboard maintains a defined contribution plan covering most of its domestic salaried and clerical employees. Seaboard contributes to this plan an amount equal to 100% of employee contributions up to a maximum of 3% of employee compensation. Employee vesting is based upon years of service with 20% vested after one year of service and an additional 20% vesting with each additional complete year of service. Contribution expense for this plan was $1,868,000, $1,812,000, and $1,709,000 for the years ended December 31, 2009, 2008 and 2007, respectively. In addition, Seaboard maintains a defined contribution plan covering most of its hourly, non-union employees and two defined contribution plans covering most of Daily's employees. Contribution expense for these plans was $1,378,000, $1,038,000, and $893,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

Beginning in 2006, Seaboard established a deferred compensation plan which allows certain employees to reduce their compensation in exchange for values in four investments. Seaboard also has an Investment Option Plan which allowed certain employees to reduce their compensation in exchange for an option to acquire interests measured by reference to three investments. However, as a result of U.S. tax legislation passed in 2004, reductions to compensation earned after 2004 are no longer allowed under the Investment Option Plan. The exercise price for each investment option was established based upon the fair market value of the underlying investment on the date of grant. Under both plans, Seaboard contributes 3% of the employees reduced compensation. Seaboard's expense (income) for these two deferred compensation plans, which primarily includes amounts related to the change in fair value of the underlying investment accounts, was $4,340,000, $(9,539,000) and $2,298,000 for the years ended

December 31, 2009, 2008 and 2007, respectively. Included in other liabilities at December 31, 2009 and 2008 are $22,430,000 and $15,930,000, respectively, representing the market value of the payable to the employees upon distribution or exercise for each plan. In conjunction with these plans, Seaboard purchased the specified number of units of the employee-designated investment plus the applicable option price for the Investment Option Plan. These investments are treated as trading securities and are stated at their fair market values. Accordingly, as of December 31, 2009 and 2008, $26,729,000 and $22,225,000, respectively, were included in other current assets on the Consolidated Balance Sheets. Investment income (loss) related to the mark-to-market of these investments for 2009, 2008, and 2007 totaled $4,253,000, $(9,618,000) and $2,183,000, respectively.

Note 11

Commitments and Contingencies

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

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

Contingent Obligations

Certain of the non-consolidated affiliates and third party contractors who perform services for Seaboard have bank debt supporting their underlying operations. From time to time, Seaboard will provide guarantees of that debt allowing a lower borrowing rate or facilitating third party financing in order to further business objectives. Seaboard does not issue guarantees of third parties for compensation. As of December 31, 2009, Seaboard had guarantees outstanding to two third parties with a total maximum exposure of $1,354,000. 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 December 31, 2009, Seaboard had outstanding letters of credit (LCs) with various banks which reduced its borrowing capacity under its committed and uncommitted credit facilities as discussed in Note 8 by $41,720,000 and $3,780,000, respectively. Included in these amount are LCs totaling $26,385,000, which support the IDRBs included as long-term debt and $16,802,000 of LCs related to insurance coverage.

Commitments

As of December 31, 2009 Seaboard had various firm noncancelable purchase commitments and commitments under other agreements, arrangements and operating leases as described in the table below.

Purchase commitments	Years ended December 31,					
(Thousands of dollars)	2010	2011	2012	2013	2014	Thereafter
Hog procurement contracts	$ 169,494	$ 148,932	$ -	$ -	$ -	$ -
Grain and feed ingredients	79,455	3,298	-	-	-	-
Grain purchase contracts for resale	97,000	-	-	-	-	-
Fuel purchase contract	22,612	-	-	-	-	-
Equipment purchases and facility improvements	16,127	2,601	-	-	-	-
Other purchase commitments	4,761	-	-	-	-	-
Total firm purchase commitments	389,449	154,831	-	-	-	-
Vessel, time and voyage-charter arrangements	69,631	22,843	22,130	18,005	1,784	-
Contract grower finishing agreements	12,106	11,285	10,336	9,710	9,052	33,403
Other operating lease payments	19,467	17,490	14,850	13,601	13,509	213,041
Total unrecognized firm commitments	$ 490,653	$ 206,449	$47,316	$ 41,316	$ 24,345	$ 246,444

Seaboard has contracted with third parties for the purchase of live hogs to process at its pork processing plant and has entered into grain and feed ingredient purchase contracts to support its live hog operations. The commitment amounts included in the table are based on projected market prices as of December 31, 2009. During 2009, 2008 and 2007, this segment paid $163,047,000, $155,400,000 and $131,490,000, respectively for live hogs purchased under committed contracts.

The Commodity Trading and Milling segment enters into grain purchase contracts and ocean freight contracts, primarily to support firm sales commitments. These contracts are valued based on projected commodity prices as of December 31, 2009. This segment also has short-term freight contracts in place for delivery of future grain sales.

The Marine segment enters into contracts to time-charter vessels for use in its operations. These contracts range from short-term time-charters for a few months and long-term commitments ranging from one to three years. This segment's charter hire expenses during 2009, 2008 and 2007 totaled $82,728,000, $115,877,000 and $88,761,000, respectively.

To support the operations of the Pork segment, Seaboard has contract grower finishing agreements in place with farmers to raise a portion of Seaboard's hogs according to Seaboard's specifications under long-term service agreements. Under the terms of the agreements, additional payments would be required if the grower achieves certain performance standards. The contract grower finishing obligations shown above do not reflect these incentive payments which, given current operating performance, total approximately $1,500,000 per year. In the event the farmer is unable to perform at an acceptable level, Seaboard has the right to terminate the contract. During the years ended 2009, 2008 and 2007, Seaboard paid $13,703,000, $13,389,000 and $13,280,000, respectively, under contract grower finishing agreements.

Seaboard also leases various facilities and equipment under noncancelable operating lease agreements including a terminal operations agreement at the Port of Miami which runs through 2028. Rental expense for operating leases amounted to $26,404,000, $23,147,000 and $20,174,000 in 2009, 2008 and 2007, respectively.

Note 12

Stockholders' Equity and Accumulated Other Comprehensive Loss

On August 7, 2007, the Board of Directors authorized Seaboard to repurchase from time to time prior to August 31, 2009 up to $50,000,000 market value of its Common Stock in open market or privately negotiated purchases, of which $11,129,000 remained available upon expiration on August 31, 2009.

On November 6, 2009, the Board of Directors authorized Seaboard to repurchase from time to time prior to October 31, 2011 up to $100 million market value of its Common Stock in open market or privately negotiated purchases which may be above or below the traded market price. Such purchases may be made by Seaboard or Seaboard may from time to time enter into a 10b5-1 plan authorizing a third party to make such purchases on behalf of Seaboard. The stock repurchase will be funded by cash on hand. Any shares repurchased will be retired and shall resume the status of authorized and unissued shares. Any stock repurchases will be made in compliance with applicable legal requirements and the timing of the repurchases and the number of shares to be repurchased at any given time may depend on market conditions, Securities and Exchange Commission regulations and other factors. The Board's stock repurchase authorization does not obligate Seaboard to acquire a specific amount of common stock and the stock repurchase program may be suspended at any time at Seaboard's discretion.

Seaboard used cash to repurchase 3,668 shares of common stock at a total price of $3,370,000 in 2009, 3,852 shares of common stock at a total price of $5,012,000 in 2008 and 17,089 shares of common stock at a total price of $30,488,000 in 2007.

The components of accumulated other comprehensive loss, net of related taxes, are summarized as follows:

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
Cumulative foreign currency translation adjustment	$ (77,576)	$ (68,211)	$ (58,719)
Unrealized gain on investments	2,579	1,781	1,149
Unrecognized pension cost	(39,789)	(45,273)	(21,081)
Accumulated other comprehensive loss	$ (114,786)	$ (111,703)	$ (78,651)

The foreign currency translation adjustment primarily represents the effect of the Argentine peso currency exchange fluctuation on the net assets of the Sugar segment. When the Argentine government lifted the one to one parity of the peso to the U.S. dollar at the end of 2001, the peso lost significant value against the dollar. At December 31, 2009, the Sugar segment had $170,061,000 in net assets denominated in Argentine pesos and $46,644,000 in net liabilities denominated in U.S. dollars in Argentina.

With the exception of the provision related to the foreign currency translation gains and losses discussed above, which are taxed at a 35% rate, income taxes for components of accumulated other comprehensive loss were recorded using a 39% effective tax rate. For 2009 and 2008, the unrecognized pension cost includes $12,740,000 and $15,721,000, respectively, related to employees at certain subsidiaries for which no tax benefit has been recorded.

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

Note 13

Segment Information

Seaboard Corporation had five reportable segments through December 31, 2009: Pork, Commodity Trading and Milling, Marine, Sugar, and Power, each offering a specific product or service. Seaboard's reporting segments are based on information used by Seaboard's Chief Executive Officer in his capacity as chief operating decision maker to determine allocation of resources and assess performance. Each of the five main segments is separately managed and each was started or acquired independent of the other segments. The Pork segment produces and sells fresh and frozen pork products to further processors, foodservice operators, grocery stores, distributors and retail outlets throughout the United States, and to Japan, Mexico and certain other foreign markets. The Commodity Trading and Milling segment internationally markets wheat, corn, soybean meal, rice and other similar commodities in bulk to third party customers and to non-consolidated foreign affiliates. This segment also operates flour, maize and feed mills in foreign countries. The Marine segment, based in Miami, Florida, provides containerized cargo shipping services between the United States, the Caribbean Basin, and Central and South America. The Sugar segment produces and processes sugar and alcohol in Argentina primarily to be marketed locally. The Power segment operates as an unregulated independent power producer in the Dominican Republic generating power from a system of diesel engines mounted on two barges. Revenues for the All Other segment are primarily derived from the jalapeño pepper processing operations.

The Pork segment derives approximately 12% percent of its revenues from a few customers in Japan through one agent. Substantially all of its hourly employees at its Guymon processing plant are covered by a collective bargaining agreement. The Pork segment incurred an impairment charge of $7,000,000 related to the Daily's trade name in the fourth quarter of 2008 (see Note 2 for further discussion). In addition, as of December 31, 2009, the Pork segment had fixed assets with a net book value of $43,162,000 related to its biodiesel processing plant which began operations during 2008. See Note 6 for discussion of the potential for future impairment of these fixed assets.

Prior to the first quarter of 2009, the Sugar segment was named Sugar and Citrus reflecting the citrus and related juice operations of this business. During the first quarter of 2009, management reviewed its strategic options for the citrus business in light of a continually difficult operating environment. In March 2009, management decided not to process, package or market the 2009 harvest for the citrus and related juice operations. As a result, during the first quarter of 2009, a charge to earnings primarily in cost of sales of $2,803,000 was recorded primarily to write-down

the value of related citrus and juice inventories to net realizable value, considering such remaining inventory will not be marketed similar to prior years but instead liquidated. In the second quarter of 2009, management decided to integrate and transform the land previously used for citrus production into sugar cane production and thus incurred an additional charge to earnings primarily in cost of sales of approximately $2,497,000 during the second quarter of 2009 in connection with this change in business. The remaining fixed assets from the citrus operations, primarily buildings and equipment, have either been sold under long-term agreements or integrated into the sugar business. However, since such sale agreements are long-term and collectibility of the sales price is not reasonably assured, the sale is being recognized under the cost recovery method and thus the gain on sale, which is not material, will not be recognized until proceeds collected exceed the net book value of the assets sold.

The Power segment sells approximately 34% of its power generation to a government-owned distribution company under a short-term contract that expires at the end of March 2010 for which Seaboard bears a concentrated credit risk as this customer, from time to time, has significant past due balances. In May 2009, Seaboard received sovereign government bonds of the Dominican Republic with a par value of $20,000,000 denominated in U.S. dollars, with an 8% tax free coupon rate, to satisfy the same amount of outstanding billings from this customer that Seaboard had classified as long-term. During the fourth quarter of 2009, Seaboard sold a portion of these bonds with par value of $9,700,000 resulting in an immaterial loss. The remaining $10,300,000 par value of bonds are classified as available-for-sale short term investments on the Consolidated Balance Sheet as of December 31, 2009. During January and February 2010, Seaboard sold the remaining bonds resulting in an immaterial loss.

On March 2, 2009, an agreement became effective under which Seaboard will sell its two power barges in the Dominican Republic for $70,000,000, which will use such barges for private use. The agreement calls for the sale to occur on or around January 1, 2011. During March 2009, $15,000,000 was paid to Seaboard (recorded as long-term deferred revenue) and the $55,000,000 balance of the purchase price was paid into escrow and will be paid to Seaboard at the closing of the sale. The net book value of the two barges was $20,090,000 as of December 31, 2009 and is classified as held for sale in non-current other assets. Accordingly, Seaboard will cease depreciation on January 1, 2010 for these two barges but continue to operate these two barges until a few weeks prior to the closing date of the sale. Seaboard will be responsible for the wind down and decommissioning costs of the barges. Completion of the sale is dependent upon several issues, including meeting certain baseline performance and emission tests. Failure to satisfy or cure any deficiencies could result in the agreement being terminated and the sale abandoned. Seaboard could be responsible to pay liquidated damages of up to approximately $15,000,000 should it fail to perform its obligations under the agreement, after expiration of applicable cure and grace periods. Seaboard will retain all other physical properties of this business and is considering options to continue its power business in the Dominican Republic after the sale of these assets is completed.

The loss from foreign affiliate in 2007 for the “All Other” segment reflects Seaboard’s share of losses from its equity method investment in a Bulgarian wine business (the Business). There was no remaining book value as of December 31, 2007. 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. In February 2009, Seaboard sold all of its shares in this Business. See Note 5 to the Consolidated Financial Statements for further discussion.

The following tables set forth specific financial information about each segment as reviewed by management. Operating income for segment reporting is prepared on the same basis as that used for consolidated operating income. Operating income, along with income 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.

Notes to Consolidated Financial Statements

Sales to External Customers:

(Thousands of dollars)	2009	2008	2007
	Years ended December 31,		
Pork	$ 1,065,338	$ 1,125,969	$ 1,003,790
Commodity Trading and Milling	1,531,572	1,897,374	1,152,035
Marine	737,629	958,027	822,221
Sugar	142,966	142,148	125,882
Power	107,074	129,430	93,951
All Other	16,729	14,856	15,422
Segment/Consolidated Totals	$ 3,601,308	$ 4,267,804	$ 3,213,301

Operating Income:

(Thousands of dollars)	2009	2008	2007
	Years ended December 31,		
Pork	$ (15,025)	$ (45,934)	$ 39,528
Commodity Trading and Milling	24,839	96,517	20,905
Marine	24,113	62,365	104,156
Sugar	(851)	3,690	15,484
Power	8,172	7,845	5,402
All Other	1,498	1,033	634
Segment Totals	42,746	125,516	186,109
Corporate	(19,023)	(3,707)	(16,194)
Consolidated Totals	$ 23,723	$ 121,809	$ 169,915

Income from Foreign Affiliates:

(Thousands of dollars)	2009	2008	2007
	Years ended December 31,		
Commodity Trading and Milling	$ 19,128	$ 12,629	$ 5,232
Sugar	1,030	455	360
All Other	-	-	(1,718)
Segment/Consolidated Totals	$ 20,158	$ 13,084	$ 3,874

Depreciation and Amortization:

(Thousands of dollars)	2009	2008	2007
	Years ended December 31,		
Pork	$ 53,182	$ 53,288	$ 47,258
Commodity Trading and Milling	4,681	4,509	4,501
Marine	21,772	19,994	16,568
Sugar	7,732	8,030	6,510
Power	3,783	3,926	3,747
All Other	431	415	320
Segment Totals	91,581	90,162	78,904
Corporate	260	219	317
Consolidated Totals	$ 91,841	$ 90,381	$ 79,221

Total Assets:

	December 31,	
(Thousands of dollars)	2009	2008
Pork	$ 774,718	$ 800,062
Commodity Trading and Milling	521,618	543,303
Marine	236,382	267,268
Sugar	205,155	225,716
Power	75,348	73,501
All Other	8,988	7,721
Segment Totals	1,822,209	1,917,571
Corporate	514,924	413,790
Consolidated Totals	$ 2,337,133	$ 2,331,361

Investment in and Advances to Foreign Affiliates:

	December 31,	
(Thousands of dollars)	2009	2008
Commodity Trading and Milling	$ 79,883	$ 66,578
Sugar	2,349	1,513
Segment/Consolidated Totals	$ 82,232	$ 68,091

Capital Expenditures:

	Years ended December 31,		
(Thousands of dollars)	2009	2008	2007
Pork	$ 15,188	$ 52,649	$ 78,085
Commodity Trading and Milling	2,650	4,333	3,013
Marine	14,697	46,309	61,045
Sugar	21,603	30,964	21,424
Power	39	53	218
All Other	87	311	362
Segment Totals	54,264	134,619	164,147
Corporate	12	15	26
Consolidated Totals	$ 54,276	$ 134,634	$ 164,173

Administrative services provided by the corporate office allocated to the individual segments represent corporate services rendered to and costs incurred for each specific segment 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.

Geographic Information

Seaboard had sales in South Africa totaling $292,547,000, $437,362,000 and $322,998,000 for the years ended December 31, 2009, 2008 and 2007, respectively, representing approximately 8%, 10% and 10% of total sales for each respective year. No other individual foreign country accounted for 10% or more of sales to external customers.

The following table provides a geographic summary of net sales based on the location of product delivery.

(Thousands of dollars)	Years ended December 31, 2009	2008	2007
Caribbean, Central and South America	$ 1,406,749	$ 1,726,789	$ 1,151,032
Africa	969,324	1,269,505	810,084
United States	855,412	924,470	936,825
Pacific Basin and Far East	165,721	162,122	154,127
Canada/Mexico	146,601	143,665	91,513
Europe	42,537	17,534	26,584
Eastern Mediterranean	14,964	23,719	43,136
Totals	$ 3,601,308	$ 4,267,804	$ 3,213,301

The following table provides a geographic summary of Seaboard's long-lived assets according to their physical location and primary port for the vessels.

(Thousands of dollars)	December 31, 2009	2008
United States	$ 547,111	$ 594,908
Argentina	87,712	85,156
Dominican Republic	26,239	30,234
All other	53,559	54,444
Totals	$ 714,621	$ 764,742

At December 31, 2009 and 2008, Seaboard had approximately $134,261,000 and $168,303,000, respectively, of foreign receivables, excluding receivables due from foreign affiliates, which generally represent more of a collection risk than the domestic receivables. Management believes its allowance for doubtful accounts is adequate.

SEABOARD CORPORATION

Stockholder Information

Board of Directors

Steven J. Bresky
Director and Chairman of the Board
President and Chief Executive Officer of Seaboard

David A. Adamsen
Director and Audit Committee Member
Vice President – Wholesale Sales,
C&S Wholesale Grocers

Douglas W. Baena
Director and Audit Committee Chair
Self-employed, engaging in facilitation of equipment leasing financings and consulting

Joseph E. Rodrigues
Director
Retired, former Executive Vice President and Treasurer of Seaboard

Edward I. Shifman, Jr.
Director and Audit Committee Member
Retired, former Managing Director and Executive Vice President of Wachovia Capital Finance

Officers

Steven J. Bresky
President and Chief Executive Officer

Robert L. Steer
Senior Vice President, Chief Financial Officer

David M. Becker
Vice President, General Counsel and Secretary

Barry E. Gum
Vice President, Finance and Treasurer

James L. Gutsch
Vice President, Engineering

Ralph L. Moss
Vice President, Governmental Affairs

David S. Oswalt
Vice President, Taxation and Business Development

Ty A. Tywater
Vice President, Audit Services

John A. Virgo
Vice President, Corporate Controller and Chief Accounting Officer

Zachery J. Holden
Assistant Secretary

Adriana N. Hoskins
Assistant Treasurer

Chief Executive Officers of Principal Seaboard Operations

Rodney K. Brenneman
Pork

David M. Dannov
Commodity Trading and Milling

Edward A. Gonzalez
Marine

Hugo D. Rossi
Sugar

Armando G. Rodriguez
Power

Stock Transfer Agent and Registrar of Stock

Computershare Trust Company, N.A.
P.O. Box 43078
Providence, Rhode Island 02940-3078
(800) 884-4225

Auditors

KPMG LLP
1000 Walnut, Suite 1000
Kansas City, Missouri 64106

Stock Listing

Seaboard's common stock is traded on the NYSE Amex Equities (formerly, NYSE Alternext US) under the symbol SEB. Seaboard had 192 shareholders of record of its common stock as of February 5, 2010.

Availability of 10-K Report

Seaboard files its Annual Report on Form 10-K with the Securities and Exchange Commission. Copies of the Form 10-K for fiscal 2009 are available without charge by writing Seaboard Corporation, 9000 West 67th Street, Shawnee Mission, Kansas 66202, Attention: Shareholder Relations or via the Internet at. http://www.seaboardcorp.com/investor-sec.aspx
Seaboard provides access to its most recent Form 10-K, 10-Q and 8-K reports on its Internet website, free of charge, as soon as reasonably practicable after those reports are electronically filed with the Securities and Exchange Commission.