SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

OR

[X] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________ TO ___________.

COMMISSION FILE NUMBER: 1-12930

AGCO CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	58-1960019
(State or orther jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
4205 RIVER GREEN PARKWAY, DULUTH, GEORGIA	30096
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (770) 813-9200

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, ($0.01 PAR VALUE)	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

NONE

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of common stock held by non-affiliates of the Registrant as of the close of business on March 10, 1998 was $1,787,722,000. As of such date, there were 62,991,311 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the AGCO Corporation Annual Report to Stockholders for the year ended December 31, 1997 are incorporated by reference in Part II.

Portions of the definitive Proxy Statement for the Annual Meeting of Stockholders to be held on April 29, 1998 are incorporated by reference in Part III.

Item 1. BUSINESS

AGCO Corporation ("AGCO" or the "Company") was incorporated in Delaware in April 1991. The Company's executive offices are located at 4205 River Green Parkway, Duluth, Georgia 30096, and its telephone number is 770-813-9200. Unless otherwise indicated, all references in this Form 10-K to the Company include the Company's subsidiaries.

THE COMPANY

AGCO is a leading manufacturer and distributor of agricultural equipment throughout the world. The Company sells a full range of agricultural equipment and related replacement parts, including tractors, combines, hay tools and forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: Massey Ferguson(R), Fendt, AGCO(R) Allis, GLEANER(R), Hesston(R), White, Landini, White-New(R) Idea, Black Machine, AGCOSTAR(R), Glencoe(R), Tye(R), Farmhand(R), IDEAL, and Deutz (South America). The Company distributes its products through a combination of over 8,500 independent dealers, wholly-owned distribution companies, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France and Germany through its finance joint ventures with Cooperative Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank").

AGCO was organized in June 1990 by an investment group formed by management to acquire the successor to the agricultural equipment business of Allis-Chalmers, a company which began manufacturing and distributing agricultural equipment in the early 1900s. Since its formation in June 1990, AGCO has grown substantially through a series of 15 acquisitions for consideration aggregating approximately $1.3 billion. These acquisitions have allowed the Company to broaden its product line, expand its dealer network and establish strong market positions in several new markets throughout North America, South America, Western Europe and the rest of the world. The Company has achieved significant cost savings and efficiencies from its acquisitions by eliminating duplicative administrative, sales and marketing functions, rationalizing its dealer network, increasing manufacturing capacity utilization and expanding its ability to source certain products and components from third party manufacturers. In addition to acquisitions, the Company has increased its sales in North America by entering into a substantial number of crossover contracts with its dealers whereby a dealer carrying one of the Company's brands also contracts to sell additional AGCO brands or products. The Company has also grown through successful expansion of its product offerings, particularly related to the sale of complementary non-tractor products through its international distribution channels, and new product introductions.

TRANSACTION HISTORY

Hesston Acquisition. In March 1991, the Company acquired Hesston Corporation ("Hesston"), a leading manufacturer and distributor of hay tools, forage equipment and related replacement parts, together with over 500 dealer contracts (the "Hesston Acquisition"). The assets acquired also included Hesston's 50% interest in a joint venture, Hay and Forage Industries ("HFI"), between Hesston and Case Corporation ("Case") which manufactures hay and forage equipment for both parties. Hesston's net sales in its full fiscal year preceding the acquisition were approximately $91.0 million. The Hesston Acquisition enabled the Company to provide its dealers with a more complete line of farm equipment and to expand its dealer network into territories in which the Company had not previously been represented.

White Tractor Acquisition. In May 1991, the Company acquired the White Tractor Division ("White") of Allied Products Corporation ("Allied"), together with over 600 dealer contracts (the "White Acquisition"). White's net sales in its full fiscal year preceding the acquisition were approximately $58.3 million. As a result of the White Acquisition, the Company added a new line of tractors to its product offerings and expanded its North America dealer network.

Massey Ferguson North American Acquisition. In January 1993, the Company entered into an agreement with Varity Corporation ("Varity") to be the exclusive distributor in the United States and Canada of the Massey Ferguson line of farm equipment. Concurrently, the Company acquired the North American distribution operation of Massey Ferguson Group Limited ("Massey") from Varity, including approximately 1,100 dealer contracts (the "Massey North American Acquisition"). Net sales attributable to Massey's North American distribution operation in the full fiscal year preceding the acquisition were approximately $215.0 million. The Massey North American Acquisition provided AGCO access to another leading brand name in the agricultural equipment industry, and it enabled the Company to expand its dealer network by entering into a substantial number of crossover contracts.

White-New Idea Acquisition. In December 1993, the Company acquired the White-New Idea Farm Equipment Division ("White-New Idea") of Allied, together with approximately 900 dealer contracts (the "White-New Idea Acquisition"). The White-New Idea Acquisition enabled the Company to offer a more complete line of planters and spreaders and a broader line of tillage equipment. Of White-New Idea's net sales of approximately $83.1 million in 1993, approximately 46% represented sales of products in categories in which the Company previously did not compete.

Agricredit-North America Acquisition. The Company acquired Agricredit Acceptance Company ("Agricredit-North America"), a retail finance company, from Varity in two separate transactions (together, the "Agricredit-North America Acquisition"). The Company acquired a 50% joint venture interest in Agricredit-North America in January 1993 and acquired the remaining 50% interest in February 1994. The Agricredit-North America Acquisition has enabled the Company to provide more competitive and flexible financing alternatives to end users.

Massey Acquisition. In June 1994, the Company acquired Massey from Varity, together with Massey's independent dealers and associate and licensee companies outside the United States and Canada. Massey, with fiscal 1993 net sales of approximately $898.4 million (including net sales to AGCO of approximately $124.6 million) (the "Massey Acquisition"), was one of the largest manufacturers and distributors of tractors in the world. The Massey Acquisition significantly expanded AGCO's sales and distribution outside North America.

AgEquipment Acquisition. In March 1995, the Company further expanded its product offerings through its acquisition of AgEquipment Group, a manufacturer and distributor of farm implements and tillage equipment (the "AgEquipment Acquisition"). The AgEquipment Acquisition added three brands of agricultural implements to the Company"s product line, including no-till and minimum tillage products, distributed under the Tye, Farmhand and Glencoe brand names.

Maxion Acquisition. In June 1996, the Company acquired the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Agricultural Equipment Business"), together with approximately 360 dealer contracts (the "Maxion Acquisition"). The Maxion Agricultural Equipment Business, with 1995 sales of approximately $265.0 million, was AGCO"s Massey Ferguson licensee in Brazil, manufacturing and distributing agricultural tractors under the Massey Ferguson brand name, combines under the Massey Ferguson and IDEAL brand names and industrial loader-backhoes under the Massey Ferguson and Maxion brand names. The Maxion Acquisition established AGCO with market leadership in the significant Brazilian agricultural equipment market.

Western Combine Acquisition. In July 1996, the Company acquired certain assets of Western Combine Corporation and Portage Manufacturing, Inc., the Company"s suppliers of Massey Ferguson combines and other harvesting equipment sold in North America (the "Western Combine Acquisition"). The Western Combine Acquisition provided the Company with access to advanced technology and increased the Company"s profit margin on certain combines and harvesting equipment sold in North America.

Agricredit-North America Joint Venture. In November 1996, the Company sold a 51% interest in Agricredit-North America to a wholly-owned subsidiary of Rabobank. The Company received total consideration of approximately $44.3 million in the transaction. The Company retained a 49% interest in Agricredit-North America and now operates Agricredit-North America with Rabobank as a joint venture (the "Agricredit-North America Joint Venture"). The Agricredit North-America Joint Venture has continued the business of Agricredit-North America and seeks to build a broader asset-based finance business through the addition of other lines of business. The Company has similar joint venture arrangements with Rabobank with respect to its retail finance companies located in the United Kingdom, France and Germany.

Deutz Argentina Acquisition. In December 1996, the Company acquired the operations of Deutz Argentina S.A. ("Deutz Argentina"), together with approximately 225 dealer contracts (the "Deutz Argentina Acquisition"). Deutz Argentina, with 1995 sales of approximately $109.0 million, supplies agricultural equipment, engines and light duty trucks in Argentina and other markets in South America. The Deutz Argentina Acquisition established AGCO as a dominant supplier of agricultural equipment in Argentina.

Fendt Acquisition. In January 1997, the Company acquired the operations of Xaver Fendt GmbH & Co. KG ("Fendt") (the "Fendt Acquisition"). Fendt, which had 1996 sales of approximately $650.0 million, manufactures and sells tractors ranging from 50 to 260 horsepower through a network of independent agricultural cooperatives and dealers in Germany and a network of dealers and distributors throughout Europe and Australia. With this acquisition, AGCO has leading market share in Germany and France, two of Europe"s largest agricultural equipment markets. In December 1997, the Company sold Fendt's caravan and motor home business in order to focus on its core agricultural equipment business.

Dronningborg Acquisition. In December 1997, the Company acquired the remaining 68% of Dronningborg Industries a/s (the "Dronningborg Acquisition"), the Company's supplier of combine harvesters sold under the Massey Ferguson brand name in Europe. The Company previously owned 32% of this combine manufacturer which developed and manufactured combine harvesters exclusively for AGCO. The Dronningborg Acquisition is expected to enable the Company to achieve certain synergies within its worldwide combine manufacturing and will give AGCO the opportunity to generate margin improvement on combines sold primarily in Europe.

Argentina Engine Joint Venture. In December 1997, the Company sold 50% of Deutz Argentina's engine production and distribution business to Deutz AG, a global supplier of diesel engines in Cologne, Germany. The Company retained a 50% interest in the engine business and now operates it with Deutz AG as a joint venture (the "Argentina Engine Joint Venture"). The Argentina Engine Joint Venture will allow the Company to share in research and development costs and gain access to advanced technology.

PRODUCTS

Tractors

Tractors are vehicles used to pull farm implements, hay tools, forage equipment and other farm equipment. The Company participates in three segments of the tractor market: the compact segment, which includes tractors in the less than 40 horsepower range; the mid-range segment, which includes tractors in the 40 to 100 horsepower range; and the high horsepower segment, which includes tractors in excess of 100 horsepower.

All compact tractors are sold under the Massey Ferguson brand name and are typically used on small farms and in specialty agricultural industries such as dairies, orchards and vineyards. The Company offers a full range of tractors in the 40 to 100 horsepower category, including both two-wheel and all-wheel drive versions. The Company sells mid-range tractors in this category under the Massey Ferguson, Fendt, AGCO Allis, White, Landini, and Deutz brand names. The mid-range tractors are typically used on small and medium-sized farms and in specialty agricultural industries. The Company also offers a full range of tractors in the over-100 horsepower segment ranging primarily from 100 to 425 horsepower. High horsepower tractors are typically used on larger farms and on cattle ranches for hay production. The Company sells high horsepower tractors under the Massey Ferguson, Fendt, AGCO Allis, White, Landini, AGCOSTAR and Deutz brand names. Tractors accounted for approximately 62%, 60% and 61% of the Company's net sales in 1997, 1996 and 1995, respectively.

Combines

Combines are large, self-propelled machines used for the harvesting of crops, such as corn, wheat, soybeans and barley. The Company sells combines under the GLEANER, Massey Ferguson and IDEAL brand names. Depending on the market, Gleaner and Massey Ferguson combines are sold with conventional or rotary technology while the IDEAL combines sold in South America utilize conventional technology. All combines are complemented by a variety of crop-harvesting heads, available in different sizes, which are designed to maximize harvesting speed and efficiency while minimizing crop loss. Combines accounted for 10%, 11% and 10% of the Company's net sales in 1997, 1996 and 1995, respectively.

Hay Tools and Forage Equipment, Implements and Other Products

Hay tools are used to harvest and process hay crops for livestock feed. Hay tools perform a variety of functions, including mowing and conditioning, raking, tedding, baling and harvesting. Hay tools include self-propelled windrowers and tractor-powered mowers, which cut and condition hay crops for faster drying before forage harvesting or baling; hay tedders and rakes, which are designed to reduce drying time and place hay crops in windrows; round balers, which harvest and roll windrowed hay into circular bales; square balers, which harvest and compress the windrowed hay into solid bales; and forage harvesters, which are used to cut standing corn crops or windrowed hay crops to uniform length. The Company sells hay and forage equipment primarily under the Hesston brand name and, to a lesser extent, the White-New Idea and Massey Ferguson brand names.

The Company also distributes a wide range of implements, planters and other equipment for its product lines. Tractor-pulled implements are used in field preparation and crop management. Implements include disk harrows, which improve field performance by cutting through crop residue, leveling seed beds and mixing chemicals with the soil; min-tils, which break up soil and mix crop residue into topsoil, with or without prior disking; and field cultivators, which prepare a smooth seed bed and destroy weeds. Tractor-pulled planters apply fertilizer and place seeds in the field. Other equipment primarily includes tractor-pulled manure spreaders, which fertilize fields with the controlled application of sludge or solid manure, and loaders, which are used for a variety of tasks including lifting and transporting hay crops. The Company sells implements, planters and other products under the Hesston, White-New Idea, Black Machine, Massey Ferguson, Tye, Farmhand, Glencoe, Deutz and Fendt brand names. Hay tools and forage equipment, implements and other products accounted for 12%, 12% and 11% of the Company's net sales in 1997, 1996 and 1995, respectively.

Replacement Parts

In addition to sales of new equipment, the replacement parts business is an important source of revenue and profitability for both the Company and its dealers. The Company sells replacement parts for products sold under all of its brand names, many of which are proprietary. These parts help keep farm equipment in use, including products no longer in production. Since most of the Company's products can be economically maintained with parts and service for a period of 10 to 20 years, each product which enters the marketplace provides the Company with a potential long-term revenue stream. In addition, sales of replacement parts typically generate higher gross margins and historically have been less cyclical than new product sales. Replacement parts accounted for approximately 16%, 17% and 18% of the Company's net sales in 1997, 1996 and 1995, respectively.

MARKETING AND DISTRIBUTION

The Company distributes its products primarily through a network of independent dealers and distributors. The Company"s dealers are responsible for retail sales to the equipment"s end user in addition to after-sales service and support of the equipment. The Company"s distributors may sell the Company products through a network of dealers supported by the distributor. Through the Company's acquisitions and dealer development activities, the Company has broadened its product line, expanded its dealer network and strengthened its geographic presence in Western Europe, North America, South America and the rest of the world. The Company's sales are not dependent on any specific dealer, distributor or group of dealers.

Western Europe

Fully assembled tractors and other equipment are marketed by wholly-owned distribution companies in most major Western European markets. These distribution companies support a combined network of approximately 2,500 independent Massey Ferguson and Fendt dealers and agricultural cooperatives in Western Europe. In addition, the Company sells through independent distributors and associates in certain markets in Western Europe, which distribute through approximately 750 Massey Ferguson and Fendt dealers. In most cases, dealers carry competing or complementary products from other manufacturers. Sales in Western Europe accounted for 47%, 43% and 45% of the Company"s net sales in 1997, 1996 and 1995, respectively.

North America

The Company markets and distributes its farm machinery, equipment and replacement parts to farmers in North America through a network of dealers supporting approximately 6,700 dealer contracts. Each of the Company's approximately 2,575 independent dealers represents one or more of the Company's distribution lines or brand names. Dealers may also handle competitive and dissimilar lines of products. The Company intends to maintain the separate strengths and identities of its brand names and product lines. The Company has been able to increase sales, as well as dealer focus on its products, by establishing crossover contracts. Sales in North America accounted for 30%, 36% and 38% of the Company"s net sales in 1997, 1996 and 1995, respectively.

South America

The Company markets and distributes its farm machinery, equipment and replacement parts to farmers in South America through several different networks. In Brazil and Argentina, the Company distributes products directly to approximately 420 independent dealers primarily supporting either the Massey Ferguson, IDEAL, or Deutz brand names. Outside of Brazil and Argentina, the Company sells its products in South America through independent distributors. In Brazil, federal laws are extremely protective of the dealers and prohibit a manufacturer from selling any of its products in Brazil except through its dealer network. Additionally, each dealer has the exclusive right to sell its manufacturer"s product in its designated territory and as a result, no dealer may represent more than one manufacturer. Sales in South America accounted for 10%, 4% and 1% of the Company"s net sales in 1997, 1996 and 1995, respectively.

Rest of the World

Outside Western Europe, North America and South America, the Company operates primarily through a network of approximately 2,330 independent Massey Ferguson and Fendt distributors and dealers, as well as associates and licensees, marketing the Company"s products and providing customer service support in approximately 100 countries in Africa, the Middle East, Eastern and Central Europe, Australia and Asia. With the exception of Australia, where the Company directly supports its dealer network, the Company utilizes independent distributors, associates and licensees to sell its products. These arrangements allow AGCO to benefit from local market expertise to establish strong market positions with limited investment. In some cases, AGCO also sells agricultural equipment directly to governmental agencies. The Company will continue to actively support the local production and distribution of Massey-licensed products by third party distributors, associates and licensees. Sales outside Western Europe, North America, and South America accounted for 13%, 17% and 16% of the Company"s net sales in 1997, 1996 and 1995, respectively.

In Western Europe and the rest of the world, associates and licensees provide a significant distribution channel for the Company's products and a source of low cost production for certain Massey Ferguson products. Associates are entities in which the Company has an ownership interest, most notably in India. Licensees are entities in which the Company has no direct ownership interest, most notably in Pakistan, Turkey and Argentina. The associate or licensee generally has the exclusive right to produce and sell Massey Ferguson equipment in its home country, but may not sell these products in other countries. The Company generally licenses to these associate companies certain technology, as well as the right to use Massey Ferguson's trade names. The Company sells products to associates and licensees in the form of components used in local manufacturing operations, tractor sets supplied in completely knocked down ("CKD") kits for local assembly and distribution and fully assembled tractors for local distribution only. In certain countries, the arrangements with licensees and associates have evolved to where the Company is principally providing technology, technical assistance and quality control. In these situations, licensee manufacturers sell certain tractor models under the Massey Ferguson brand name in the licensed territory and may also become a source of low cost production to the Company.

Parts Distribution

In Western Europe, the parts operation is supported by master distribution facilities in Desford, England and Ennery, France and regional parts facilities in Spain and Denmark. The Company supports its sales of replacement parts in North America through its master parts warehouse in Batavia, Illinois and regional warehouses throughout North America. In the Asia/Pacific region, the Company's parts operation is supported by a master distribution facility in Melbourne, Australia. In South America, replacement parts are maintained and distributed primarily from its manufacturing facilities.

Dealer Support and Supervision

The Company believes that one of the most important criteria affecting a farmer's decision to purchase a particular brand of equipment is the quality of the dealer who sells and services the equipment. The Company provides significant support to its dealers in order to improve the quality and size of its dealer network. The Company monitors each dealer's performance and profitability as well as establishes programs which focus on the continual improvement of the dealer. In North America, the

Company also identifies open markets with the greatest potential for each brand and selects an existing AGCO dealer, or a new dealer, who would best represent the brand in that territory. AGCO protects each existing dealer's territory and will not place the same brand within that protected area. Internationally, the Company also focuses on the development of its dealers. The Company analyzes, on an ongoing basis, the regions of each country where market share is not acceptable. Based on this analysis, an additional dealer may be needed in that territory, or a nonperforming dealer may need to be replaced or refocused on performance standards.

The Company believes that its ability to offer its dealers a full product line of agricultural equipment and related replacement parts as well as its ongoing dealer training and support programs, which focus on business and inventory management, sales, marketing, warranty and servicing matters and products, help ensure the vitality and increase the competitiveness of its dealer network. In addition, the Company maintains dealer advisory groups to obtain dealer feedback on its operations. The Company believes all of these programs contribute to the good relations the Company generally enjoys with its dealers.

The Company agrees to provide dealers with competitive products, terms and pricing. Dealers are also given volume sales incentives, demonstration programs and other advertising to assist sales. The Company's competitive sales programs, including retail financing incentives, and its policy for maintaining parts and service availability with extensive product warranties are designed to enhance its dealers' competitive position. Finally, a limited amount of financial assistance is provided as part of developing new dealers in key market locations. In general, dealer contracts are cancelable by either party within certain notice periods.

WHOLESALE FINANCING

Primarily in the United States and Canada, the Company engages in the standard industry practice of providing dealers with inventories of farm equipment and replacement parts for extended periods. The terms of the Company's finance agreements with its dealers vary by region and product line. In the United States and Canada, dealers are typically not required to make a down payment, and the Company effectively provides the dealer with the equipment interest-free for a period of one to twelve months, depending on the product. Thereafter, dealers are charged interest at varying spreads over the prime rate until the product is sold. The Company also provides financing to dealers on used equipment accepted in trade. The Company retains a security interest in all new and used equipment it finances.

Typically, the sales terms outside the United States and Canada are of a shorter duration. The sales terms range from 30 day terms to floorplan financing similar to the arrangements provided to dealers in the United States and Canada. In many cases, the Company retains a security interest in the equipment sold on extended terms. In certain international markets, the Company's sales are backed by letters of credit or credit insurance.

RETAIL FINANCING

Through its retail financing joint ventures located in North America, the United Kingdom, France and Germany, the Company provides a competitive and dedicated financing source for AGCO dealers' sales of the Company's products as well as equipment produced by other manufacturers. These retail finance companies are owned 49% by the Company and 51% by a wholly-owned subsidiary of Rabobank. Finance programs can be tailored to prevailing market conditions and can enhance the Company's sales efforts.

MANUFACTURING AND SUPPLIERS

Manufacturing and Assembly

The Company has consolidated the manufacture of its products in locations where capacity, technology, or local costs are optimized. Furthermore, the Company continues to balance its manufacturing resources with externally sourced machinery, components, and replacement parts to enable the Company to better control inventory and supply of components. The Company believes that its manufacturing facilities are sufficient to meet its needs for the foreseeable future.

Western Europe

The Company's manufacturing operations in Western Europe are performed in tractor manufacturing facilities located in Coventry, England; Beauvais, France and Marktoberdorf, Germany. The Coventry facility produces tractors marketed under the Massey Ferguson, AGCO Allis and White brand names ranging from 38 to 110 horsepower that are sold worldwide in fully-assembled form or as CKD kits for final assembly by licensees and associates. The Beauvais facility produces 70 to 215 horsepower tractors sold in fully-assembled form also marketed under the Massey Ferguson, AGCO Allis and White brand names. The Marktoberdorf facility produces 50 to 260 horsepower tractors sold in fully-assembled form and marketed under the Fendt brand name. The Company also assembles forklifts for sale to third parties and manufactures hydraulics for its Fendt tractors and for sale to third parties in its Kempten, Germany facility, and assembles cabs for its Fendt tractors in Baumenheim, Germany. Additionally, as part of the Dronningborg Acquisition, the Company began manufacturing conventional combines marketed under the Massey Ferguson brand name in a facility located in Randers, Denmark. The Company also formed a joint venture with Renault Agriculture S.A. ("Renault"), for the manufacture of driveline assemblies for high horsepower AGCO and Renault tractors at the Company's facility in Beauvais (the "GIMA Joint Venture"). By sharing overhead and engineering costs, the GIMA Joint Venture has resulted in a decrease in the cost of these components.

North America

The Company manufactures and assembles GLEANER and Massey Ferguson rotary and conventional combines and combine heads at its Independence, Missouri facility. The Company leases a manufacturing facility in Coldwater, Ohio, where it produces its White-New Idea line of hay tools and forage equipment and implements; Black Machine planters; AGCO Allis, White, Massey Ferguson and AGCOSTAR tractors; cultivating and tillage equipment marketed under the Glencoe brand name and tillage equipment and loaders marketed under the Farmhand brand name. The Company also leases a manufacturing facility in Lockney, Texas where it produces drill planters and tillage equipment marketed under the Tye brand name. As part of the HFI joint venture, the Company produces Hesston, White-New Idea and Massey Ferguson hay tools and forage equipment in Hesston, Kansas. The HFI partnership agreement provides for HFI to manufacture hay tools and forage equipment for sale to the Company and Case at cost. By sharing the facilities with Case, the Company is able to increase HFI's capacity utilization and reduce the Company's product cost by sharing overhead and product development costs. The Company also maintains a facility in Queretaro, Mexico where tractors are assembled for distribution in the Mexican market.

South America

The Company's manufacturing operations in South America are located in Brazil and Argentina. In Brazil, the Company manufactures and assembles Massey Ferguson tractors, ranging from 50 to 173 horsepower, and industrial loader-backhoes at its facility in Canoas, Rio Grande do Sul. The Company also manufactures conventional combines marketed under the Massey Ferguson, Deutz and IDEAL brand names in Santa Rosa, Rio Grande do Sul. In Argentina, the Company manufactures Deutz branded tractors, ranging from 60 to 190 horsepower, and engine components, and it also assembles light duty trucks in Haedo, Argentina. The Noetinger, Argentina facility is used for the assembly of implements. In December 1997, the Company formed the Argentina Engine Joint Venture for the manufacture of diesel engines, for its equipment and for sale to third parties, at the facility in San Luis, Argentina, which is owned 50% by the joint venture.

Third-Party Suppliers

The Company believes that managing the level of its company and dealer inventory is critical to maintaining favorable pricing for its products. Unlike many of its competitors, the Company externally sources many of its products, components and replacement parts. This strategy minimizes the Company's capital investment requirements and allows greater flexibility to respond to changes in market conditions. As a result of its limited vertical integration relative to its competitors, the Company believes it is better able to manage company and dealer inventory levels.

The Company purchases certain products it distributes from third party suppliers. The Company purchases its standard and specialty tractors from Landini S.p.A. ("Landini") and distributes these tractors under the Landini brand name in the United States and Canada and under the Massey Ferguson brand name outside of North America. In addition, certain Massey Ferguson tractor models are purchased from licensees in Poland and Turkey and from Iseki & Company, Limited, a Japanese manufacturer. The Company also purchases certain other tractors, implements, and hay and forage equipment from various third-party suppliers.

In addition to the purchase of machinery, significant components used in the Company's manufacturing operations, such as engines, are supplied by third-party companies. The Company selects third-party suppliers which it believes have the lowest cost, highest quality and most appropriate technology. The Company also assists in the development of these products or component parts based upon its own design requirements. The Company's past experience with outside suppliers has been favorable. Although the Company is currently dependent upon outside suppliers for several of its products, the Company believes that, if necessary, alternative sources of supply could be found.

COMPETITION

The agricultural industry is highly competitive. During the 1980s, the industry experienced significant consolidation and retrenchment. The Company competes with several large national and international full-line suppliers, as well as numerous short-line and specialty manufacturers with differing manufacturing and marketing methods. The Company's principal competitors on a worldwide basis are Deere & Company, Case and New Holland N.V. In certain Western European and South American countries, regional competitors exist which have significant market share in a single country or a group of countries.

The Company believes several key factors influence a buyer's choice of farm equipment, including the strength and quality of a company's dealers, the quality and pricing of products, dealer or brand loyalty, product availability, the terms of financing and customer service. The Company has improved and continually seeks to improve in each of these areas but focuses primarily on increasing the farmers' loyalty to the Company's dealers and overall dealer organizational quality in order to distinguish itself in the marketplace. See "Marketing and Distribution."

ENGINEERING AND RESEARCH

The Company makes significant expenditures for engineering and applied research to improve the quality and performance of its products and to develop new products. The Company expended approximately $54.1 million (1.7% of net sales), $27.7 million (1.2% of net sales) and $24.1 million (1.1% of net sales) in 1997, 1996 and 1995, respectively, on engineering and research.

PATENTS AND TRADEMARKS, TRADE NAMES AND BRAND NAMES

The Company owns and has licenses to the rights under a number of domestic and foreign patents, trademarks, trade names and brand names relating to its products and businesses. The Company defends its patent, trademark and trade and brand name rights primarily by monitoring competitors' machines, industry publications and conducting other investigative work. The Company considers its intellectual property rights, including its rights to use the AGCO, AGCO Allis, Massey Ferguson, Fendt, GLEANER, White, Hesston, New Idea, Landini, Black Machine, AGCOSTAR, Tye, Farmhand, Glencoe, IDEAL, and Deutz (South America) trade and brand names, important in the operation of its businesses; however, the Company does not believe it is dependent on any single patent, trademark or trade name or group of patents or trademarks, trade names or brand names. AGCO, GLEANER, Hesston, Massey Ferguson, AGCOSTAR, New Idea, Tye, Farmhand and Glencoe are registered trademarks of the Company. In addition, Fendt is a registered trademark in Germany, and the Company has a pending trademark registration for the Fendt brand name in the U.S. and Canada.

EMPLOYEES

As of December 31, 1997, the Company employed approximately 11,000 employees, including approximately 2,700 employees in the United States and Canada. A majority of the Company's employees at its manufacturing facilities, both domestic and international, are represented by collective bargaining agreements with expiration dates ranging from 1998 to 2002. The Company is currently in negotiation with labor unions in Coldwater, Ohio and in the United Kingdom relating to the terms of new agreements for collective bargaining agreements which expire in March and April, 1998, respectively.

ENVIRONMENTAL MATTERS AND OTHER GOVERNMENT REGULATION

The Company is subject to environmental laws and regulations concerning emissions to the air, discharges of processed or other types of waste water and the generation, handling, storage, transportation, treatment and disposal of waste materials. These laws and regulations are constantly changing, and it is impossible to predict with accuracy the effect they may have on the Company in the future. The Company has been made aware of possible solvent contamination at the HFI facility in Hesston, Kansas. The extent of any possible contamination is being investigated in conjunction with the appropriate state authorities. It is the Company's policy to comply with all applicable environmental, health and safety laws and regulations, and the Company believes that any expense or liability it may incur in connection with any noncompliance with any such law or regulation or the cleanup of any of its properties will not have a material adverse effect on the Company. The Company believes it is in compliance, in all material respects, with all applicable laws and regulations.

The Environmental Protection Agency (the "EPA") has issued regulations concerning permissible emissions from off-road engines. The Company does not anticipate that the cost of compliance with the regulations will have a material impact on the Company.

The Company is subject to various national, federal, state and local laws affecting its business, as well as a variety of regulations relating to such matters as working conditions and product safety. A variety of state laws regulate the Company's contractual relationships with its dealers. These laws impose substantive standards on the relationship between the Company and its dealers, including events of default, grounds for termination, non-renewal of dealer contracts and equipment repurchase requirements. Such state laws could adversely affect the ability of the Company to rationalize its dealer network.

The Company's international operations are also subject to environmental laws, as well as various other national and local laws, in the countries in which it manufactures and sells it products. The Company believes that it is in compliance with such laws in all material respects, and the cost of compliance with such laws in the future will not have a material adverse effect on the Company.

REGULATION AND GOVERNMENT POLICY

Domestic and foreign political developments and government regulations and policies directly affect the agricultural industry in the United States and abroad and indirectly affect the agricultural equipment business. The application or modification of existing laws, regulations or policies or the adoption of new laws, regulations or policies could have an adverse effect on the Company's business.

FINANCIAL INFORMATION ON GEOGRAPHICAL AREAS

For financial information on geographic areas, see page 40 of the Annual Report to Stockholders for the year ended December 31, 1997, which is incorporated herein by reference.

FORWARD LOOKING STATEMENTS

Certain information included in Management's Discussion and analysis of Financial Condition and Results of Operations constitute forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, including the information set forth under "--Outlook". Although the company believes that the expectations reflected in such forward looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Additionally, the Company's financial results are sensitive to movement in interest rates and foreign currencies, as well as general economic conditions, pricing and product actions taken by competitors, production disruptions and changes in environmental, international trade and other laws which impact the way in which it conducts its business. Important factors that could cause actual results to differ materially from the Company's current expectations are disclosed in conjunction with the Company's filing with the Securities and Exchange Commission.

Item 2. PROPERTIES

The principal properties of the Company as of December 31, 1997 are as follows:

Location	Description of Property	Leased (sq. ft.)	Owned (sq. ft.)
North America:			
Duluth, Georgia	Corporate Headquarters		125,000
Duluth, Georgia (A).......................	Corporate Office		47,000
Coldwater, Ohio (B)........................	Manufacturing	1,490,000	
Hesston, Kansas (C)........................	Manufacturing		1,115,000
Independence, Missouri.....................	Manufacturing		450,000
Lockney, Texas.............................	Manufacturing	190,000	
Queretaro, Mexico..........................	Manufacturing		13,500
Kansas City, Missouri......................	Warehouse	425,000	
Batavia, Illinois..........................	Parts Distribution	310,200	
Des Moines, Iowa (D).......................	Retail Finance Office	23,850	
International:			
Coventry, United Kingdom...................	Regional Headquarters/Manufacturing		4,135,150
Beauvais, France...........................	Manufacturing		3,740,000
Marktoberdorf, Germany.....................	Manufacturing		2,411,000
Baumenheim, Germany........................	Manufacturing		1,890,000
Kempten, Germany...........................	Manufacturing		582,000
Randers, Denmark...........................	Manufacturing		683,000
Haedo, Argentina...........................	Manufacturing		489,450
Noetinger, Argentina.......................	Manufacturing		156,170
San Luis, Argentina (E)....................	Manufacturing		57,860
Canoas, Rio Grande do Sul, Brazil..........	Regional Headquarters /Manufacturing		452,400
Santa Rosa, Rio Grande do Sul, Brazil......	Manufacturing		297,100
Ennery, France.............................	Parts Distribution		269,100
Sunshine, Victoria, Australia..............	Regional Headquarters		37,200
Tottenham, Victoria, Australia.............	Parts Distribution		179,960
Stoneleigh, United Kingdom.................	Training Facility/Office	44,000	

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(A) The Company is currently marketing this corporate office for sale.

(B) In conjunction with the White-New Idea Acquisition in December 1993, the Company agreed to purchase the Coldwater, Ohio manufacturing facility from Allied subject to satisfactory completion of an environmental audit. During 1995, the Company entered into an agreement with Allied to lease the Coldwater, Ohio facility for a period of up to five years. During this time, Allied is responsible for the environmental clean-up of the facility, including all costs associated with the clean-up. Upon successful completion of the environmental clean-up, the Company will acquire the Coldwater, Ohio facility for the original agreed upon amount of $3.2 million.

(C) Owned by HFI, a joint venture in which the Company has a 50% interest.

(D) Owned by the Agricredit-North America Joint Venture, in which the Company has a 49% interest.

(E) Owned by the Argentina Engine Joint Venture, in which the Company has a 50% interest.

The Company considers each of its facilities to be in good condition and adequate for its present use. The Company believes that it has sufficient capacity to meet its current and anticipated manufacturing requirements.

Item 3. LEGAL PROCEEDINGS

The Company is a party to various legal claims and actions incidental to its business. The Company believes that none of these claims or actions, either individually or in the aggregate, is material to the business or financial condition of the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The dividend and market price information under the heading "Trading and Dividend Information" on page 15 of the Annual Report to Stockholders for the year ended December 31, 1997 is incorporated herein by reference.

Item. 6. SELECTED FINANCIAL DATA

The information under the heading "Selected Financial Data" for the years ended December 31, 1993 through 1997 on page 15 of the Annual Report to Stockholders for the year ended December 31, 1997 is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 through 23 of the Annual Report to Stockholders for the year ended December 31, 1997 is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under the heading "Foreign Currency Risk Management" in "Management's Discussion and Analysis and Results of Operations" and in Footnote 1 - "Financial Instruments" of the Notes to Consolidated Financial Statements on pages 23 and 31, respectively, of the Annual Report to Stockholders for the year ended December 31, 1997 is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of the Registrant and its subsidiaries included on pages 24 through 41 of the Annual Report to Stockholders for the year ended December 31, 1997 are incorporated herein by reference:

Consolidated Statements of Income for the years ended December 31, 1997, 1996 and 1995.

Consolidated Balance Sheets as of December 31, 1997 and 1996.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1997, 1996 and 1995.

Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995.

Notes to Consolidated Financial Statements.

Report of Independent Public Accountants.

The information under the heading "Quarterly Results" on pages 20 and 21 of the Annual Report to Stockholders for the year ended December 31, 1997 is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

The information under the heading "Election of Directors" and the information under the heading "Directors Continuing in Office" on pages 2 and 3, respectively, of the Proxy Statement for the Annual Meeting of Stockholders to be held April 29, 1998 is incorporated herein by reference for information on the directors of the Registrant. The information under the heading "Executive Officers" on pages 20 through 22 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 29, 1998 is incorporated herein by reference for information on the executive officers of the Registrant. The information under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" on page 22 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 29, 1998 is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information under the heading "Board of Directors and Certain Committees of the Board," the information under the heading "Compensation Committee Interlocks and Insider Participation" and the information under the heading "Executive Compensation" on pages 4 and 5, page 5, and pages 12 through 14, respectively, of the Proxy Statement for the Annual Meeting of Stockholders to be held April 29, 1998 are incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the heading "Principal Holders of Common Stock" on pages 9 through 11 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 29, 1998 is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the heading "Certain Relationships and Related Transactions" on page 22 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 29, 1998 is incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)1. The following consolidated financial statements of AGCO Corporation and its subsidiaries, included in the Annual Report of the registrant to its stockholders for the year ended December 31, 1997, are incorporated by reference in Part II, Item 8:

Consolidated Statements of Income for the years ended December 31, 1997, 1996 and 1995.

Consolidated Balance Sheets at December 31, 1997 and 1996.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1997, 1996 and 1995.

Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995.

Notes to Consolidated Financial Statements.

Report of Independent Public Accountants.

(a)2. The following Report of Independent Public Accountants and the Consolidated Financial Statement Schedule of AGCO Corporation and its subsidiaries are included herein on pages F-1 through F-2.

Schedule	Description
	Report of Independent Public Accountants on Schedule
Schedule II	Valuation and Qualifying Accounts

Schedules other than that listed above have been omitted because the required information is contained in the Notes to the Consolidated Financial Statements or because such schedules are not required or are not applicable.

(a)3. The following exhibits are filed or incorporated by reference as part of this report.

Exhibit No.	Description of Exhibit
3.1	Certificate of Incorporation of the Registrant incorporated by reference to the Company's Quarterly Report Form 10-Q for the quarter ended March 31, 1996.
3.2	By-Laws of the Registrant.
4.1	Rights Agreement between and among AGCO Corporation and Chemical Bank, as rights agent, dated as of April 27, 1994 incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1994.
4.2	Certificate of Designation of the Junior Cumulative Preferred Stock of the Company incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1994.
4.3	Indenture between AGCO Corporation and SunTrust Bank, as Trustee, dated as of March 20, 1996, incorporated by reference to the Company"s Annual Report on Form 10-K for the year ended December 31, 1995.
10.1	HFI Partnership Agreement incorporated by reference to the Company's Registration Statement on Form S-1 (No. 33-43437) dated April 16, 1992.
10.2	Joint Venture Agreement between Massey Ferguson S.A., Renault Agriculture S.A. and Massey Ferguson Group Limited dated July 20, 1994 incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10.3	Massey Ferguson Finance France SNC Agreement among and between Massey Ferguson S.A. and DeLage Landen Leasing S.A. dated September 15, 1992 incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10.4	Shareholders Agreement in respect of Massey Ferguson Finance Limited among and between Massey Ferguson Limited, DeLage Landen Financial Services Limited and DeLage Landen B.V. dated June 19, 1990 incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10.5	Shareholders Agreement dated February 15, 1995 between Massey Ferguson GmbH and DeLage Landen Leasing GmbH incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.
10.6	Tractor Distributor Agreement by and between Landini S.p.A. and AGCO Corporation dated February 1, 1995 incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10.7	Deferred Compensation Plan incorporated by reference to the Company's Registration Statement on Form S-1 (No. 33-43437) dated April 16, 1992.

10.8 1991 Stock Option Plan, as amended.

10.9 Form of Stock Option Agreements (Statutory and Nonstatutory) incorporated by reference to the Company's Registration Statement on Form S-1 (No. 33-43437) dated April 16, 1992.

10.10 Amended and Restated Long-Term Incentive Plan.

10.11 Nonemployee Director Stock Incentive Plan, as amended.

10.12 Management Incentive Compensation Plan incorporated by reference to the Company"s Annual Report on Form 10-K for the year ended December 31, 1995.

10.13 Purchase and Sale Agreement between and among AGCO Corporation and Varity Holdings Limited, Varity GmbH, Massey Ferguson GmbH, Massey Ferguson Industries Limited, Massey Ferguson (Delaware) Inc. and Varity Corporation dated as of April 26, 1994 incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1994.

10.14 Credit Agreement dated as of January 14, 1997 among AGCO Corporation, AGCO Canada, Ltd., Massey Ferguson Manufacturing Limited, Massey Ferguson Limited, AGCO Limited, Massey Ferguson S.A., AGCO Holding B.V., and Massey Ferguson GmbH, the lenders listed on the signatures pages thereof; Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch ("Rabobank"), SunTrust Bank Atlanta, and Deutsche Bank AG, New York Branch, as Co-Managers; Deutsche Bank Canada, as Canadian administrative agent, and Rabobank, as administrative agent for the lenders, as amended by the parties thereto on February 24, 1997 incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

10.15 Limited Liability Company Agreement of Agricredit Acceptance LLC dated November 1, 1996 incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

10.16 Agreement dated June 27, 1996 by and between Iochpe-Maxion S.A. and AGCO Corporation incorporated by reference to the Company"s current report on Form 8-K dated June 28, 1996.

10.17 Engine Supply Agreement dated June 27, 1996 by and between Iochpe-Maxion S.A. and AGCO Corporation incorporated by reference to the Company"s current report on Form 8-K dated June 28, 1996.

10.18 Employment and Severance Agreement by and between AGCO Corporation and Robert J. Ratliff incorporated by reference to the Company"s Annual Report on Form 10-K for the year ended December 31, 1995.

10.19 Employment and Severance Agreement by and between AGCO Corporation and John M. Shumejda incorporated by reference to the Company"s Annual Report on Form 10-K for the year ended December 31, 1995.

10.20 Employment and Severance Agreement by and between AGCO Corporation and James M. Seaver incorporated by reference to the Company"s Annual Report on Form 10-K for the year ended December 31, 1995.

10.21 Employment and Severance Agreement by and between AGCO Corporation and Daniel H. Hazelton incorporated by reference to the Company"s Annual Report on Form 10-K for the year ended December 31, 1995.

10.22 Employment and Severance Agreement by and between AGCO Corporation and Chris E. Perkins.

10.23 Severance and Release Agreement by and between AGCO Corporation and Jean-Paul Richard.

12.0 Statement re: Computation of Earnings to Combined Fixed Charges.

13.0 Portions of the AGCO Corporation Annual Report to Stockholders for the year ended December 31, 1997 expressly incorporated herein by reference.

21.0 Subsidiaries of the Registrant.

23.0 Consent of Arthur Andersen LLP, independent public accountants.

27.1 Financial Data Schedule - December 31, 1997 (filed for SEC reporting purposes only).

27.2 Restated Financial Data Schedule - December 31, 1996 (filed for SEC reporting purposes only).

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGCO Corporation

By: /s/ Robert J. Ratliff
Robert J. Ratliff
Chairman of the Board and
Chief Executive Officer

Dated: March 31, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

Signature	Title	Date
/s/ Robert J. Ratliff Robert J. Ratliff	Chairman of the Board and Chief Executive Officer	March 31, 1998
/s/ John M. Shumejda John M. Shumejda	President and Chief Operating Officer	March 31, 1998
/s/ Chris E. Perkins Chris E. Perkins	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 31, 1998
/s/ Henry J. Claycamp Henry J. Claycamp	Director	March 31, 1998
/s/ William H. Fike William H. Fike	Director	March 31, 1998
/s/ Gerald B. Johanneson Gerald B. Johanneson	Director	March 31, 1998
/s/ Richard P. Johnston Richard P. Johnston	Director	March 31, 1998
/s/ Anthony D. Loehnis Anthony D. Loehnis	Director	March 31, 1998
/s/ Alan S. McDowell Alan S. McDowell	Director	March 31, 1998
/s/ Hamilton Robinson, Jr. Hamilton Robinson, Jr.	Director	March 31, 1998
/s/ Wolfgang Sauer Wolfgang Sauer	Director	March 31, 1998
/s/ Thomas H. Wyman Thomas H. Wyman	Director	March 31, 1998

ANNUAL REPORT ON FORM 10-K

ITEM 14(A)(2)

FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 1997

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and
Stockholders of AGCO Corporation:

We have audited in accordance with generally accepted auditing standards, the consolidated balance sheets of AGCO CORPORATION and SUBSIDIARIES as of December 31, 1997 and 1996 and the related consolidated statements of income, stockholders" equity, and cash flows for each of the three years in the period ended December 31, 1997, and have issued our report thereon dated February 5, 1998. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The accompanying Schedule II-Valuation and Qualifying Accounts is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 5, 1998

Schedule II

AGCO CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(in millions)

Description	Balance at Beginning of Period	Acquired Businesses	Additions: Charged To Costs and Expenses	Additions: Charged (Credited) To Other Accounts	Deductions	Balance at End of Period
YEAR ENDED DECEMBER 31, 1997						
Allowances for sales incentive discounts and doubtful receivables:						
Equipment Operations	$ 75.8	$ 4.1	$ 116.1	$ --	$ (98.8)	$ 97.2
YEAR ENDED DECEMBER 31, 1996						
Allowances for sales incentive discounts and doubtful receivables:						
Equipment Operations	$ 62.5	$ 3.3	$ 91.5	$ --	$ (81.5)	$ 75.8
YEAR ENDED DECEMBER 31, 1995						
Allowances for sales incentive discounts and doubtful receivables:						
Equipment Operations	$ 60.1	$ 2.2	$ 83.9	$ --	$ (83.7)	$ 62.5
Finance Company	10.0	--	4.3	--	(1.5)	12.8
Consolidated receivable allowances	$ 70.1	$ 2.2	$ 88.2	$ --	$ (85.2)	$ 75.3

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE
3.1	Certificate of Incorporation of Registrant.	*
3.2	By-Laws of the Registrant.	-
4.1	Rights Agreement between and among AGCO Corporation and Chemical Bank.	*
4.2	Certificate of Designation of the Junior Cumulative Preferred Stock of the Company.	*
4.3	Indenture between AGCO Corporation and SunTrust Bank, as Trustee.	*
10.1	HFI Partnership Agreement.	*
10.2	Joint Venture Agreement between Massey Ferguson S.A., Renault Agriculture S.A. and Massey Ferguson Group Limited.	*
10.3	Massey Ferguson Finance France SNC Agreement among and between Massey Ferguson S.A. and DeLage Landen Leasing S.A.	*
10.4	Shareholders Agreement in respect of Massey Ferguson Finance Limited among and between Massey * Ferguson Limited, DeLage Landen Financial Services Limited and DeLage Landen B.V.	
10.5	Shareholders Agreement between Massey Ferguson GmbH and DeLage Landen B.V.	*
10.6	Tractor Distributor Agreement by and between Landini S.p.A. and AGCO Corporation.	*
10.7	Deferred Compensation Plan.	*
10.8	1991 Stock Option Plan, as amended.	-
10.9	Form of Stock Option Agreements (Statutory and Nonstatutory).	*
10.10	Amended and Restated Long-Term Incentive Plan.	-
10.11	Nonemployee Director Stock Incentive Plan, as amended.	-
10.12	Management Incentive Compensation Plan.	*
10.13	Purchase and Sale Agreement between and among AGCO Corporation and Varity Holdings Limited, Varity GmbH, Massey Ferguson GmbH, Massey Ferguson Industries Limited, Massey Ferguson (Delaware) Inc. and Varity Corporation.	*
10.14	Credit Agreement dated as of January 14, 1997, among AGCO Corporation, AGCO Canada, Ltd., Massey Ferguson Manufacturing Limited, Massey Ferguson Limited, AGCO Limited, Massey Ferguson S.A., AGCO Holding B.V., Massey Ferguson GmbH and the lenders listed on the signature pages thereof, Cooperatieve Centrale Raiffesen - Boerenleenbank B.A., "RABOBANK NEDERLAND", New York Branch ("Rabobank"),SunTrust Bank, Atlanta, and Deutsche Bank AG, New York Branch, as Co-Managers; Deutsche Bank Canada, as Canadian Administrative Agent and Rabobank, as Administrative Agent for the lenders, as amended by the parties thereto on February 24, 1997.	*
10.15	Limited Liability Company Agreement of Agricredit Acceptance LLC	*
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10.22	Employment and Severance Agreement by and between AGCO Corporation and Chris E. Perkins.	-
10.23	Severance and Release Agreement by and between AGCO Corporation and Jean-Paul Richard.	-
12.0	Statement re: Computation of Earnings to Combined Fixed Charges.	-
13.0	AGCO Corporation Annual Report to Stockholders for the year ended December 31, 1997.	-
21.0	Subsidiaries of the Registrant.	-
23.0	Consent of Arthur Andersen LLP, independent public accountants.	-
27.1	Financial Data Schedule - December 31, 1997 (filed for SEC reporting purposes only)	-
27.2	Restated Financial Data Schedule - December 31, 1996 (filed for SEC reporting purposes only)	-

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* Incorporated herein by reference

EXHIBIT 3.2

BY-LAWS

OF

AGCO CORPORATION

ARTICLE I

STOCKHOLDERS MEETINGS

1. PLACES OF MEETINGS. All meetings of stockholders shall be held at such place or places in or outside of Delaware as the board of directors may from time to time determine or as may be designated in the notice of meeting or waiver of notice thereof, subject to any provisions of the laws of Delaware.

2. ANNUAL MEETINGS. Unless otherwise determined from time to time by the board of directors, the annual meeting of stockholders shall be held each year for the election of directors and the transaction of such other business as may properly come before the meeting on the first Monday in the fourth month following the close of the fiscal year commencing at some time between 10 A.M. and 3 P.M., if not a legal holiday and if a legal holiday, then on the day following at the same time. If the annual meeting is not held on the date designated, it may be held as soon thereafter as convenient and shall be called the annual meeting. Written notice of the time and place of the annual meeting shall be given by mail to each stockholder entitled to vote at his address as it appears on the records of the corporation not less than the minimum nor more than the maximum number of days permitted under the laws of Delaware prior to the scheduled date thereof, unless such notice is waived as provided by Article VIII of these By-Laws.

3. SPECIAL MEETINGS. A special meeting of stockholders may be called at any time by order of the board of directors or the executive committee. Written notice of the time, place and specific purposes of such meetings shall be given by mail to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation not less than the minimum nor more than the maximum number of days prior to the scheduled date thereof permitted under the laws of Delaware, unless such notice is waived as provided in Article VIII of these By-Laws.

4. MEETINGS WITHOUT NOTICE. Meetings of the stockholders may be held at any time without notice when all the stockholders entitled to vote thereat are present in person or by proxy.

5. VOTING. At all meetings of stockholders, each stockholder entitled to vote on the record date as determined under Article V, Section 3 of these By-Laws or if not so determined as prescribed under the laws of Delaware shall be entitled to one vote for each share of stock standing on record in his name, subject to any restrictions or qualifications set forth in the certificate of incorporation or any amendment thereto.

6. QUORUM. At any stockholders' meeting, a majority of the number of shares of stock outstanding and entitled to vote thereat present in person or by proxy shall constitute a quorum but a smaller interest may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice, subject to such limitation as may be imposed under the laws of Delaware. When a quorum is present at any meeting, a majority of the number of shares of stock entitled to vote present thereat shall decide any question brought before such meeting unless the question is one upon which a different vote is required by express provision of the laws of Delaware, the certificate of incorporation or these By-Laws, in which case such express provisions shall govern.

7. LIST OF STOCKHOLDERS. At least ten days before every meeting, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of and the number of shares registered in the name of each stockholder, shall be prepared by the secretary or the transfer agent in charge of the stock ledger of the corporation. Such list shall be open for examination by any stockholder as required by the laws of Delaware. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine such list or the books of the corporation or to vote in person or by proxy at such meeting.

8. NO ACTION IN WRITING. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

9. NOTICE OF BUSINESS. No business may be transacted at any meeting of stockholders, whether annual or special, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors (or any duly authorized committee thereof), (b) otherwise properly brought before the meeting by or at the direction of the board of directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 9 of this Article I and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in Section 9 of this Article I. The nomination by a stockholder of any person for election as a director, other than the persons nominated by the board of directors or any duly authorized committee thereof, shall be considered business other than business specified in clauses (a) and (b) above and shall be permitted only upon compliance with the requirements of this Section 9 of this Article I.

In addition to any other applicable requirements for business to be properly brought before a meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

In the case of a meeting of stockholders which is an annual meeting, to be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs. In the case of a meeting of stockholders which is not an annual meeting, to be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the meeting; provided, however, that in the event that less than forty-five (45) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the secretary must be set forth as to each matter such stockholder proposes to bring before the meeting (i) a brief description of the business described to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting, and (vi) in the case of the nomination of a person as a director, a brief description of the background and credentials of such person including (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the Corporation which are beneficially owned by such person, and (D) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or as otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

No business shall be conducted at a meeting of stockholders except business brought before such meeting in accordance with the procedures set forth in this Section 9 of this Article I, provided, however, that, once business has been properly brought before a meeting in accordance with such procedures, nothing in this Section 9 of this Article I shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of a meeting determines that business was not properly brought before the meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

ARTICLE II

BOARD OF DIRECTORS

1. NUMBER AND ELECTION OF DIRECTORS. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than three nor more than 13 directors, the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors then in office. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Immediately following the adoption by the Corporation of this by-law, a majority of the Board of Directors shall elect Class I directors for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At the next ensuing annual meeting of stockholders (the "First Meeting"), the term of office of the Class I directors shall expire and successors to the Class I directors shall be elected for a three-year term. At the next ensuing annual meeting of stockholders held after the First Meeting (the "Second Meeting"), the term of office of the Class II directors shall expire and successors to the Class II directors shall be elected for a three-year term. At the next ensuing annual meeting of stockholders held after the Second Meeting, the term of office of the Class III directors shall expire and successors to the Class III directors shall be elected for a three-year term. Thereafter, at each annual meeting of stockholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.

A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation, if any, shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Restated Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Section 1 of this Article III unless expressly provided by such terms.

2. POWERS. The business and affairs of the Corporation shall be carried on by or under the direction of the board of directors, which shall have all the powers authorized by the laws of Delaware, subject to such limitations as may be provided by the certificate of incorporation or these By-Laws.

3. COMPENSATION. The board of directors may from time to time by resolution authorize the payment of fees or other compensation to the directors for services as such to the corporation, including, but not limited to, fees for attendance at all meetings of the board or of the executive or other committees, and determine the amount of such fees and compensation. Directors shall in any event be paid their traveling expenses for attendance at all meetings of the board or of the executive or other committees. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor in amounts authorized or otherwise approved from time to time by the board or the executive committee.

4. MEETINGS AND QUORUM. Meetings of the board of directors may be held either in or outside of Delaware. A quorum shall be one-third the then authorized total number of directors, but not less than two directors. A director will be considered present at a meeting, even though not physically present, to the extent and in the manner authorized by the laws of Delaware.

The board of directors elected at any annual stockholders' meeting shall, at the close of that meeting without further notice if a quorum of directors be then present or as soon thereafter as may be convenient, hold a meeting for the election of officers and the transaction of any other business. At such meeting they shall elect a president, a secretary and a treasurer, and such other officers as they may deem proper, none of whom except the chairman of the board, if elected, need be members of the board of directors.

The board of directors may from time to time provide for the holding of regular meetings with or without notice and may fix the times and places at which such meetings are to be held. Meetings other than regular meetings may be called at any time by the president or the chairman of the board and must be called by the president or by the secretary or an assistant secretary upon the request of any director.

Notice of each meeting, other than a regular meeting (unless required by the board of directors), shall be given to each director by mailing the same to each director at his residence or business address at least two days before the meeting or by delivering the same to him personally or by telephone or telegraph to him at least one day before the meeting unless, in case of exigency, the chairman of the board, the president or secretary shall prescribe a shorter notice to be given personally or by telephone, telegraph, cable or wireless to all or any one or more of the directors at their respective residences or places of business.

Notice of any meeting shall state the time and place of such meeting, but need not state the purpose thereof unless otherwise required by the laws of Delaware, the certificate of incorporation, the By-Laws, or the board of directors.

5. EXECUTIVE COMMITTEE. The board of directors may by resolution passed by a majority of the whole board provide for an executive committee of two or more directors and shall elect the members thereof to serve during the pleasure of the board and may designate one of such members to act as chairman. The board may at any time change the membership of the committee, fill vacancies in it, designate alternate members to replace any absent or disqualified members at any meeting of the committee, or dissolve it.

During the intervals between the meetings of the board of directors, the executive committee shall perform all the powers of the Board except as limited by the General Corporation Law of the State of Delaware or by the Company's Certificate of Incorporation or By-Laws.

The executive committee may determine its rules of procedure and the notice to be given of its meetings, and it may appoint such committees and assistants as it shall from time to time deem necessary. A majority of the members of the committee shall constitute a quorum.

6. AUDIT COMMITTEE. The functions of the audit committee shall be to meet with external auditors to discuss the current year audit plan; meet with external auditors to discuss the results of the audit and their opinion regarding the fairness of the annual financial statements; review audit fees and fees for management advisory services; meet with management to discuss the internal audit plan and current staffing; meet with management, internal and external auditors to discuss the auditor's "management letter" and management's response; and meet with management and the internal auditors to discuss the corporate control

environment and regulatory compliance. The audit committee is hereby authorized to perform such functions. The audit committee shall meet once before the external audit begins and again near the completion date with meetings at other times as appropriate.

7. COMPENSATION COMMITTEE. The functions of the compensation committee shall be to review, approve, recommend and report to the chief executive officer and the board matters specifically relative to the compensation of the Company's chief executive officer and other key executives and administration of the Company's 1991 Stock Option Plan and Management Incentive Compensation Plan, and the compensation committee is hereby authorized to perform such functions.

8. NOMINATING COMMITTEE. The functions of the nominating committee are to identiy candidates and recommend to the board nominees for membership on the board of directors, recommend candidates for membership and chairmanship of standing committees, perform annual evaluations of board performance and recommend actions to improve board performance and governance. Nominations for board membership shall be consistent with criteria approved by a majority of the whole board for director selection. In nominations for committee membership and chairmanship the nominating committee shall:

a. include the chairman of the board, chief executive officer and chairmen of the standing committees as members of the executive committee;

b. include the chairman of the board and the chief executive officer as members of the strategic planning committee;

c. include only outside directors as members of the audit, compensation and nominating committees; and

d. consider differences in individual director expertise and availability and the efficiencies of continuity of committee experience versus the desirability of altering committee composition at reasonable intervals.

9. OTHER COMMITTEES. The board of directors may by resolution provide for such other committees as it deems desirable and may discontinue the same at its pleasure. Each such committee shall have the powers and perform such duties, not inconsistent with law, as may be assigned to it by the board.

10. ACTION WITHOUT MEETINGS. Any action required or permitted to be taken at any meeting of the board of directors or any committee thereof may be taken without meeting by written consent setting forth the action so taken signed by all of the directors entitled to vote with respect to the subject matter thereof.

ARTICLE III

OFFICERS

1. TITLES AND ELECTION. The officers of the corporation shall be a president, a secretary and a treasurer, who shall initially be elected as soon as convenient by the board of directors and thereafter, in the absence of earlier resignations or removals, shall be elected at the first meeting of the board following any annual stockholders' meeting, each of whom shall hold office at the pleasure of the board except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal under these By-Laws or other termination of his employment. Any person may hold more than one office if the duties can be consistently performed by the same person, and to the extent permitted by the laws of Delaware.

The board of directors, in its discretion, may also at any time elect or appoint a chairman of the board of directors who shall be a director, and one or more vice presidents, assistant secretaries and assistant treasurers and such other officers as it may deem advisable, each of whom shall hold office at the pleasure of the board, except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal or other termination of employment, and shall have such authority and shall perform such duties as may be prescribed or determined from time to time by the board or in case of officers other than the chairman of the board, it not so prescribed or determined by the board, as the president or the then senior executive officer may prescribe or determine.

The board of directors may require any officer or other employee or agent to give bond for the faithful performance of his duties in such form and with such sureties as the board may require.

2. DUTIES. Subject to such extension, limitations, and other provisions as the board of directors or the By-Laws may from time to time prescribe or determine, the following officers shall have the following powers and duties:

(a) CHAIRMAN OF THE BOARD. The chairman of the board, when present, shall preside at all meetings of the stockholders and of the board of directors and shall be charged with general supervision of the management and policy of the corporation, and shall have such other powers and perform such other duties as the board of directors may prescribe from time to time.

(b) PRESIDENT. Subject to the board of directors and the provisions of these By-Laws, the president shall be the chief executive officer of the corporation, shall exercise the powers and authority and perform all of the duties commonly incident to his office, shall in the absence of the chairman of the board preside at all meetings of the stockholders and of the board of directors if he is a director, and shall perform such other duties as the board of directors or executive committee shall specify from time to time. The president or a vice president, unless some other person is thereunto specifically authorized by the board of directors or executive committee, shall sign all bonds, debentures, promissory notes, deeds and contracts of the corporation.

(c) VICE PRESIDENT. The vice president or vice presidents shall perform such duties as may be assigned to them from time to time by the board of directors or by the president if the board does not do so. In the absence or disability of the president, the vice presidents in order of seniority may, unless otherwise determined by the board, exercise the powers and perform the duties pertaining to the office of president, except that if one or more executive vice presidents has been elected or appointed, the person holding such office in order or seniority shall exercise the powers and perform the duties of the office of president.

(d) SECRETARY. The secretary or in his absence the assistant secretary shall keep the minutes of all meetings of stockholders and of the board of directors, give and serve all notices, attend to such correspondence as may be assigned to him, keep in safe custody the seal of the corporation, and affix such seal to all such instruments properly executed as may require it, and shall have such other duties and powers as may be prescribed or determined from time to time by the board of directors or by the president if the board does not do so.

(e) TREASURER. The treasurer, subject to the order of the board of directors, shall have the care and custody of the moneys, funds, valuable papers and documents of the corporation (other than his own bond, if any, which shall be in the custody of the president), and shall have, under the supervision of the board of directors, all the powers and duties commonly incident to his office. He shall deposit all funds of the corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as may be designated by the board of directors or by the president if the board does not do so. He may endorse for deposit or collection all checks, notes, etc., payable to the corporation or to its order. He shall keep accurate books of account of the corporation's transactions, which shall be the property of the corporation, and together with all its property in his possession, shall be subject at all times to the inspection and control of the board of directors. The treasurer shall be subject in every way to the order of the board of directors, and shall render to the board of directors and/or the president of the corporation, whenever they may require it, an account of all his transactions and of the financial condition of the corporation. In addition to the foregoing, the treasurer shall have such duties as may be prescribed or determined from time to time by the board of directors or by the president if the board does not do so.

3. DELEGATION OF AUTHORITY. The board of directors or the executive committee may at any time delegate the powers and duties of any officer for the time being to any other officer, director or employee.

4. COMPENSATION. The compensation of the chairman of the board, the president, all vice presidents, the secretary and the treasurer shall be fixed by the board of directors or the executive committee, and the fact that any officer is a director shall not preclude him from receiving compensation or from voting upon the resolution providing the same.

ARTICLE IV

RESIGNATIONS, VACANCIES AND REMOVALS

1. RESIGNATIONS. Any director or officer may resign at any time by giving written notice thereof to the board of directors, the president or the secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

2. VACANCIES. (a) DIRECTORS. When the office of any directors, becomes vacant or unfilled whether by reason of death, resignation, removal, increase in the authorized number of directors or otherwise, such vacancy or vacancies may be filled by the remaining director or directors, although less than a quorum. Any director so elected by the board shall serve until the election and qualification of his successor or until his earlier resignation or removal as provided in these By-Laws. The directors may also reduce their authorized number by the number of vacancies in the board, provided such reduction does not reduce the board to less than the minimum authorized by the Charter or the laws of Delaware.

(b) OFFICERS. The board of directors may at any time or from time to time fill any vacancy among the officers of the corporation.

3. REMOVALS. (a) DIRECTORS. The stockholders may remove directors from office only for cause.

(b) OFFICERS. Subject to the provisions of any validly existing agreement, the board of directors may at any meeting remove from office any officer, with or without cause, and may elect or appoint a successor; provided that if action is to be taken to remove the president the notice of meeting or waiver of notice thereof shall state that one of the purposes thereof is to consider and take action on his removal.

ARTICLE V

CAPITAL STOCK

1. CERTIFICATE OF STOCK. Every stockholder shall be entitled to a certificate or certificates for shares of the capital stock of the corporation in such form as may be prescribed or authorized by the board of directors, duly numbered and setting forth the number and

kind of shares represented thereby. Such certificates shall be signed by the chairman of the board, the president or a vice president and by the treasurer or an assistant treasurer or by the secretary or an assistant secretary. Any or all of such signatures may be in facsimile if and to the extent authorized under the laws of Delaware.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate has ceased to be such officer, transfer agent or registrar before the certificate has been issued, such certificate may nevertheless be issued and delivered by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

2. TRANSFER OF STOCK. Shares of the capital stock of the corporation shall be transferable only upon the books of the corporation upon the surrender of the certificate or certificates properly assigned and endorsed for transfer. If the corporation has a transfer agent or agents or transfer clerk and registrar of transfers acting on its behalf, the signature of any officer or representative thereof may be in facsimile.

The board of directors may appoint a transfer agent and one or more cotransfer agents and a registrar and one or more coregistrars of transfer and may make or authorize the transfer agents to make all such rule and regulations deemed expedient concerning the issue, transfer and registration of shares of stock.

3. RECORD DATES. (a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other

lawful action, the board of directors may fix in advance a record date which, in the case of a meeting, shall be not less than the minimum nor more than the maximum number of days prior to the scheduled date of such meeting permitted under the laws of Delaware and which, in the case of any other action, shall be not more than the maximum number of days prior to any such action permitted by the laws of Delaware.

(b) If no such record date is fixed by the board, the record date shall be that prescribed by the laws of Delaware.

(c) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to an adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

4. LOST CERTIFICATES. In case of loss or mutilation or destruction of a stock certificate, a duplicate certificate may be issued upon such terms as may be determined or authorized by the board of directors or executive committee or by the president if the board or the executive committee does not do so.

ARTICLE VI

FISCAL YEAR, BANK DEPOSITS, CHECKS, ETC.

1. FISCAL YEAR. The fiscal year of the corporation shall commence or end at such time as the board of directors may designate.

2. BANK DEPOSITS, CHECKS, ETC. The funds of the corporation shall be deposited in the name of the corporation or of any division thereof in such banks or trust companies in the United States or elsewhere as may be designated from time to time by the board of directors or executive committee, or by such officer or officers as

the board or executive committee may authorize to make such designations.

All checks, drafts or other orders for the withdrawal of funds from any bank account shall be signed by such person or persons as may be designated from time to time by the board of directors or executive committee or as may be designated by an officer or officers authorized by the board of directors or executive committee to make such designations. The signatures on checks, drafts or other orders for the withdrawal of funds may be in facsimile if authorized in the designation.

ARTICLE VII

BOOKS AND RECORDS

1. PLACE OF KEEPING BOOKS. Unless otherwise expressly required by the laws of Delaware, the books and records of the corporation may be kept outside of Delaware.

2. EXAMINATION OF BOOKS. Except as may otherwise be provided by the laws of Delaware, the certificate of incorporation or these By-Laws, the board of directors shall have power to determine from time to time whether and to what extent and at what times and places and under what conditions any of the accounts, records and books of the corporation are to be open to the inspection of any stockholder. No stockholder shall have any right to inspect any account or book or document of the corporation except as prescribed by statute or authorized by express resolution of the stockholders or of the board of directors.

ARTICLE VIII

NOTICES

1. REQUIREMENTS OF NOTICE. Whenever notice is required to be given by statute, the certificate of incorporation or these By-Laws, it shall not mean personal notice unless so specified, but such notice may be given in writing by depositing the same in a post office letter box, or mail chute, postpaid and addressed to the person to whom such notice is directed at the address of such person on the records of the corporation, and such notice shall be deemed given at the time when the same shall be thus mailed.

2. WAIVERS. Any stockholder, director or officer may, in writing or by telegram or cable, at any time waive any notice or other formality required by statute, the certificate of incorporation or these By-Laws. Such waiver of notice, whether given before or after any meeting or action, shall be deemed equivalent to notice. Presence of a stockholder either in person or by proxy at any stockholders' meeting and presence of any director at any meeting of the board of directors shall constitute a waiver of such notice as may be required by any statute, the certificate of incorporation or these By-Laws.

ARTICLE IX

SEAL

The corporate seal of the corporation shall consist of two concentric circles between which shall be the name of the corporation and in the center of which shall be inscribed "Corporate Seal, Delaware."

ARTICLE X

POWERS OF ATTORNEY

The board of directors or the executive committee may authorize one or more of the officers of the corporation to execute powers of attorney delegating to named representatives or agents power to represent or act on behalf of the corporation, with or without power of substitution.

In the absence of any action by the board or the executive committee, the president, any vice president, the secretary or the treasurer of the corporation may execute for and on behalf of the corporation waivers of notice of stockholders' meetings and proxies for such meetings in any company in which the corporation may hold voting securities.

ARTICLE XI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

1. DEFINITIONS. As used in this article, the term "person" means any past, present or future director or officer of the corporation or a designated officer of an operating division of the corporation.

2. INDEMNIFICATION GRANTED. The corporation shall indemnify, defend and hold harmless against all liability, loss and expenses (including attorneys' fees reasonably incurred), to the full extent and under the circumstances permitted by the Delaware General Corporation Law of the State of Delaware in effect from time to time, any person as defined above, made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer of the corporation or designated officer of an operating division of the corporation, or is or was as an employee or agent of the corporation acting as a director, officer, employee or agent of another company or other enterprise in which the corporation owns, directly or indirectly, an equity or other interest or of which it may be a creditor.

If a person indemnified herein must retain an attorney directly, the corporation may, in its discretion, pay the expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under this article or otherwise.

This right of indemnification shall not be deemed exclusive of any other rights to which a person indemnified herein may be entitled by By-Law, agreement, vote of stockholders or disinterested directors or otherwise, and shall continue as to a person who has ceased to be a director, officer, designated officer, employee or agent and shall inure to the benefit of the heirs, executors, administrators and other legal representatives of such person. It is not intended that the provisions of this article be applicable to, and they are not to be construed as granting indemnity with respect to, matters as to which indemnification would be in contravention of the laws of Delaware or of the United States of America whether as a matter of public policy or pursuant to statutory provision.

3. MISCELLANEOUS. The board of directors may also on behalf of the corporation grant indemnification to any individual other than a person defined herein to such extent and in such manner as the board in its sole discretion may from time to time and at any time determine.

ARTICLE XII

AMENDMENTS

These By-Laws may be amended or repealed either:

(a) at any meeting of stockholders at which a quorum is present by vote of a majority of the number of shares of stock entitled to vote present in person or by proxy at such meeting as provided in Article I Sections 5 and 6 of these By-Laws, or

(b) at any meeting of the board of directors by a majority vote of the directors then in office;

provided the notice of such meeting of stockholders or directors or waiver of notice thereof contains a statement of the substance of the proposed amendment or repeal.

EXHIBIT 10.8

AGCO CORPORATION

1991 STOCK OPTION PLAN, as amended

April 23, 1997

AGCO Corporation

1991 STOCK OPTION PLAN

AGCO Corporation

1991 STOCK OPTION PLAN

I. PURPOSES

AGCO Corporation (the "Company") desires to afford certain directors, key employees and consultants of the Company and its subsidiaries who are responsible for the continued growth of the Company an opportunity to acquire a proprietary interest in the Company, and thus to create in such persons interest in and a greater concern for the welfare of the Company.

The stock options offered pursuant to this 1991 Stock Option Plan (the "Plan") are a matter of separate inducement and are not in lieu of any salary or other compensation for services.

The Company, by means of the Plan, seeks to retain the services of persons now holding key positions and to secure the services of persons capable of filling such positions.

The options granted under the Plan may be designated as either incentive stock options ("Incentive Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or options that do not meet the requirements for Incentive Options ("Non-Qualified Options") but the Company makes no warranty as to the qualification of any option as an Incentive Option. Only key employees may be granted Incentive Options under the Plan.

II. AMOUNT OF STOCK SUBJECT TO THE PLAN

The total number of shares of common stock of the Company which may be purchased pursuant to the exercise of options granted under the Plan shall not exceed, in the aggregate, 2,400,000 shares of the authorized common stock, $0.01 par value, per share, of the Company (the "Shares").

Shares which may be acquired under the Plan may be either authorized but unissued Shares or Shares of issued stock held in the Company's treasury, or both, at the discretion of the Company. If and to the extent that options granted under the Plan expire or terminate without having been exercised, new options may be granted with respect to the Shares covered by such expired or terminated options, provided that the grant and the terms of such new options shall in all respects comply with the provisions of the Plan.

Except as provided in Article XX, the Company may, from time to time during the period beginning September 18, 1991 (the "Effective Date") and ending September 17, 2001 (the

"Termination Date") grant options to certain directors, key employees and consultants under the terms hereinafter set forth.

No individual shall be granted options to purchase in the aggregate more than 250,000 shares.

III. ADMINISTRATION

The Board of Directors of the Company (the "Board of Directors") shall designate from among its members an option committee (the "Committee") to administer the Plan. The Committee shall consist of no fewer than three (3) members of the Board of Directors, each of whom shall be a "nonemployee director" within the meaning of Rule 16b-3 (or any successor rule or regulation) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and an "outside director" within the meaning of Section 162(m)(4)(C)(i) of the Code. A majority of the members of the Committee shall constitute a quorum, and the act of a majority of the members of the Committee shall be the act of the Committee. Any member of the Committee may be removed at any time, either with or without cause, by resolution adopted by a majority of the Board of Directors, and any vacancy on the Committee may at any time be filled by resolution adopted by a majority of the Board of Directors.

Any or all powers and functions of the Committee may at any time and from time to time be exercised by the Board of Directors; provided, however, that, with respect to the participation in the Plan by persons who are members of the Board of Directors, such powers and functions of the Committee may be exercised by the Board of Directors only if, at the time of such exercise, all of the members of the Board of Directors acting in the particular matter are "nonemployee directors" within the meaning of Rule 16b-3 (or any successor rule or regulation) promulgated under the Exchange Act and "outside directors" within the meaning of Section 162(m)(4)(C)(i) of the Code.

Subject to the express provisions of the Plan, the Board of Directors or the Committee, as the case may be, shall have authority, in its discretion, to determine the persons to whom options shall be granted, the time when such options shall be granted, the number of Shares which shall be subject to each option, the purchase price of each Share which shall be subject to each option, the period(s) during which such options shall be exercisable (whether in whole or in part) and the other terms and provisions thereof. In determining the employees to whom options shall be granted and the number of Shares for which options shall be granted to each person, the Board of Directors or the Committee, as the case may be, shall consider the length of service, the amount of earnings, and the responsibilities and duties of such person.

Subject to the express provisions of the Plan, the Board of Directors or the Committee, as the case may be, also shall have authority to construe the Plan and options granted thereunder, to amend the Plan and options granted thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of the respective options (which need not be identical) and to make all other determinations necessary or advisable for administering the Plan. The Board of Directors or the Committee, as the case may be, also shall have the authority to require, in its discretion, as a condition of the granting of any such option, that the optionee agree (i) not to sell or otherwise dispose of Shares acquired pursuant to the option for a period of six (6) months following the date of acquisition of such Shares and (ii) that in the event of termination of service of the optionee with the Company or any subsidiary of the Company, other than as a result of dismissal without cause, such optionee will not, for a period to be fixed at the time of the grant of the option, enter into any other employment or participate directly or indirectly in any other business or enterprise which is competitive with the business of the Company or any subsidiary of the Company, or enter into any employment in which such optionee will be called upon to utilize special knowledge obtained through service with the Company or any subsidiary of the Company.

The determination of the Board of Directors or the Committee, as the case may be, on matters referred to in this Article III shall be conclusive.

The Board of Directors or the Committee, as the case may be, may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Board of Directors or the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company. No member or former member of the Committee or of the Board of Directors shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

IV. ELIGIBILITY

Options may be granted only to directors, key employees and consultants of the Company and its subsidiaries who are not members of the Committee.

An Incentive Option shall not be granted to any person who, at the time the option is granted, owns stock of the Company or any subsidiary or parent of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any subsidiary or parent of the Company unless (i) the option price is at least one hundred ten percent (110%) of the fair market value per share (as defined in Article VI) of the stock subject to the option and (ii) the option is not exercisable after the fifth anniversary of the date of grant of the option. In determining stock ownership of an employee, the rules of Section 424 (d) of the Code shall be applied, and the Board of Directors or the Committee, as the case may be, may rely on representations of fact made to it by the employee and believed by it to be true.

V. MAXIMUM ALLOTMENT OF INCENTIVE OPTIONS

If the aggregate fair market value of stock with respect to which Incentive Options are exercisable for the first time by an employee during any calendar year (under all stock option plans of the Company and any parent or any subsidiary of the Company) exceeds $100,000, any options which otherwise qualify as Incentive Options, to the extent of the excess, will be treated as Non-Qualified Options.

VI. OPTION PRICE AND PAYMENT

The price per Share under any option granted hereunder shall be such amount as the Board of Directors or the Committee, as the case may be, shall determine but, in the case of an Incentive Option, such price shall not be less than one hundred percent (100%) of the fair market value of the Shares subject to such option, as determined in good faith by the Board of Directors or the Committee, as the case may be, at the date the option is granted.

If the Shares are listed on a national securities exchange in the United States on the date any option is granted, the fair market value per Share shall be deemed to be the average of the high and low quotations at which such Shares are sold on such national securities exchange in the United States on the date next preceding the date upon which the option is granted, but if the Shares are not traded on such date, or such national securities exchange is not open for business on such date, the fair market value per Share shall be determined as of the closest preceding date on which such exchange shall have been open for business and the Shares were traded. If the Shares are listed on more than one national securities exchange in the United States on the date any such option is granted, the Committee shall determine which national securities exchange shall be used for the purpose of determining the fair market value per Share. If the Shares are not listed on a national securities exchange but are reported on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), the fair market value per share shall be deemed to be the average of the high bid and low asked prices on the date next preceding the date upon which the option is granted as reported by NASDAQ.

For purposes of this Plan, the determination by the Board of Directors or the Committee, as the case may be, of the fair market value of a Share shall be conclusive.

Upon the exercise of an option granted hereunder, the Company shall cause the purchased Shares to be issued only when it shall have received the full purchase price for the Shares in cash; provided, however, that in lieu of cash, the holder of an option may, if and to the extent the terms of such option so provide and to the extent permitted by applicable law, exercise an option in whole or in part, by delivering to the Company shares of common stock of the Company (in proper form for transfer and accompanied by all requisite stock transfer tax stamps or cash in lieu thereof) owned by such holder having a fair market value equal to the cash exercise price applicable to that portion of the option being exercised by the delivery of such Shares. The fair market value of the stock so delivered shall be determined as of the date immediately preceding the date on which the option is exercised, or as may be required in order to comply with or to conform to the requirements of any applicable laws or regulations.

VII. USE OF PROCEEDS

The cash proceeds of the sale of Shares subject to the options granted hereunder are to be added to the general funds of the Company and used for its general corporate purposes as the Board of Directors shall determine.

VIII. LOANS, LOAN GUARANTEES AND INSTALLMENT PAYMENTS

In order to assist an optionee (including an optionee who is an officer or director of the Company or any subsidiary of the Company) in the acquisition of shares of Common Stock pursuant to an option granted under the Plan, the Board of Directors or the Committee, as the case may be, may authorize, at either the time of the grant of an option or the time of the acquisition of Common Stock pursuant to the option, (i) the extension of a loan to the optionee by the Company, (ii) the payment by the optionee of the purchase price, if any, for the Common Stock in installments, or (iii) the guarantee by the Company or a subsidiary of the Company of a loan obtained by the optionee from a third party. The terms of any loans, guarantees or installment payments, including the interest rate and terms of repayment, will be subject to the discretion of the Board of Directors or the Committee, as the case may be. Loans, installment payments and guarantees may be granted without security, the maximum credit available being the purchase price, if any, of the Common Stock acquired plus the maximum federal and state income and employment tax liability which may be incurred in connection with the acquisition. In no event, however, may the amount of any loan exceed the amounts allowable to the loan to such individual for the purposes stated hereunder as provided by any regulation of the United States Treasury or other State or Federal statute.

IX. TERM OF OPTIONS AND LIMITATIONS ON THE RIGHT OF EXERCISE

Unless the Board of Directors or the Committee, as the case may be, shall determine otherwise (in which event the instrument evidencing the option granted hereunder shall so specify), any option granted hereunder shall be exercisable during a period of not more than ten (10) years from the date of grant of such option.

The Board of Directors or the Committee, as the case may be, shall have the right to accelerate, in whole or in part, from time to time, conditionally or unconditionally, rights to exercise any option granted hereunder.

To the extent that an option is not exercised within the period of exercisability specified therein, it shall expire as to the then unexercised part.

X. EXERCISE OF OPTIONS

Options granted under the Plan shall be exercised by the optionee as to all or part of the Shares covered thereby by the giving of written notice of the exercise thereof to the Corporate Secretary of the Company and the stock transfer agent for the Company at the principal business office of the Company, specifying the number of Shares to be purchased and specifying a business day not more than fifteen (15) days from the date such notice is given, for the payment of the purchase price against delivery of the Shares being purchased. Subject to the terms of Articles XV, XVI, XVII and XVIII, the Company shall cause certificates for the Shares so purchased to be delivered to the optionee, against payment of the full purchase price, on the date specified in the notice of exercise.

XI. NONTRANSFERABILITY OF OPTIONS

An option granted hereunder shall not be transferable, whether by operation of law or otherwise, other than by will or the laws of descent and distribution, and any option granted hereunder shall be exercisable, during the lifetime of the holder, only by such holder.

XII. TERMINATION OF EMPLOYMENT

Upon termination of employment of any employee with the Company or any subsidiary of the Company any option previously granted to such employee, unless otherwise specified by the Board of Directors or the Committee, as the case may be, shall, to the extent not theretofore exercised, terminate and become null and void, provided that:

(a) if the employee shall die while in the employ of the Company or any subsidiary of the Company or during either the three (3) month or one (1) year period, whichever is applicable, specified in clause (b) below and at a time when such employee was entitled to exercise an option as herein provided, the legal representative of such employee, or such person who acquired such option by bequest or inheritance or by reason of the death of the employee, may, not later than one (1) year from the date of death, exercise such option, to the extent not theretofore exercised, in respect of any or all of such number of Shares as specified by the Board of Directors or the Committee, as the case may be, in such option grant; and

(b) if the employment of any employee to whom such option shall have been granted shall terminate by reason of the employee's retirement (at such age or upon such conditions as shall be specified by the Board of Directors or the Committee, as the case may be), disability (as described in Section 22(e)(3) of the Code) or dismissal by the employer other than for cause (as defined below), and while such employee is entitled to exercise such option as herein provided, such employee shall have the right to exercise such option so granted, to the extent not theretofore exercised, in respect of any or all of such number of Shares as specified by the Board of Directors or the Committee, as the case may be, in such option at any time up to and including (i) three (3) months after the date of such termination of employment in the case of termination by reason of retirement or dismissal other than for cause and (ii) one (1) year after the date of termination of employment in the case of termination by reason of disability.

In no event, however, shall any person be entitled to exercise any option after the expiration of the period of exercisability of such option as specified therein.

If an employee voluntarily terminates his or her employment, or is discharged for cause, any option granted hereunder shall, unless otherwise specified by the Board of Directors or the Committee, as the case may be, in the option, forthwith terminate with respect to any unexercised portion thereof.

Notwithstanding any other provision of this Article XII, if the employment of any employee with the Company or any subsidiary of the Company is terminated, whether voluntarily or involuntarily, within a one-year period following a change in the ownership or effective control of the Company (within the meaning of Section 280G(b)(2)(A)(i) of the Code) and while such employee is entitled to exercise an option as herein provided, other than a termination of such employment by the Company or any subsidiary of the Company for cause, such employee shall have the right to exercise all or any portion of such option at any time up to and including three (3) months after the date of such termination of employment, at which time such option shall cease to be exercisable.

If an option granted hereunder shall be exercised by the legal representative of a deceased employee or former employee, or by a person who acquired an option granted hereunder by bequest or inheritance or by reason of the death of any employee or former employee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative or other person to exercise such option.

For the purposes of the Plan, the term "for cause" shall mean (i) with respect to an employee who is a party to a written agreement with, or, alternatively, participates in a compensation or benefit plan of the Company or any subsidiary of the Company, which agreement or plan contains a definition of "for cause or cause" (or words of like import) for purposes of termination of employment thereunder by the Company or such subsidiary of the Company, "for cause" or "cause" as defined in the most recent of such agreements or plans, or (ii) in all other cases, as determined by the Committee or the Board of Directors, as the case may be, in its sole discretion, (a) the willful commission by an employee of a criminal or other act that causes or will probably cause substantial economic damage to the Company or a substantial injury to the business reputation of the Company; (b) the commission by an employee of an act of fraud in the performance of such employee's duties on behalf of the Company or any subsidiary of the Company; or (c) the continuing willful failure of an employee to perform the duties of such employee to the Company or any subsidiary of the Company (other than such failure resulting from the employee's incapacity due to physical or mental illness) after written notice thereof (specifying the particulars thereof in reasonable detail) and a reasonable opportunity to be heard and cure such failure are given to the employee by the Board of Directors or the Committee, as the case may be. For purposes of the Plan, no act, or failure to act, on the employee's part shall be considered "willful" unless done or omitted to be done by the employee not in good faith and without reasonable belief that the employee's action or omission was in the best interest of the Company or a subsidiary of the Company.

For the purposes of the Plan, an employment relationship shall be deemed to exist between an individual and a corporation if, at the time of the determination, the individual was an "employee" of such corporation for purposes of Section 422(a) of the Code. If an individual is on military, sick leave or other bona fide leave of absence such individual shall be considered an "employee" for purposes of the exercise of an option and shall be entitled to exercise such option during such leave if the period of such leave does not exceed 90 days, or, if longer, so long as the individual's right to reemployment with the Company is guaranteed either by statute or by contract. If the period of leave exceeds ninety (90) days, the employment relationship shall be deemed to have terminated on the ninety-first (91st) day of such leave, unless the individual's right to re-employment is guaranteed by statute or contract.

A termination of employment shall not be deemed to occur by reason of (i) the transfer of an employee from employment by the Company to employment by a subsidiary of the Company or (ii) the transfer of an employee from employment by a subsidiary of the Company to employment by the Company or by another subsidiary of the Company.

XIII. ADJUSTMENT OF SHARES; EFFECT OF CERTAIN TRANSACTIONS

In the event of any change in the outstanding Shares through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or other like change in capital structure of the Company, an adjustment shall be made to each outstanding option such that each such option shall thereafter be exercisable for such securities, cash and/or other property as would have been received in respect of the Shares subject to such option had such option been exercised in full immediately prior to such change, and such an adjustment shall be made successively each time any such change shall occur. The term "Shares" shall after any such change refer to the securities, cash and/or property then receivable upon exercise of an option. In addition, in the event of any such change, the Board of Directors or the Committee, as the case may be, shall make any further adjustment as may be appropriate to the maximum number of Shares subject to the Plan, the maximum number of Shares for which options may be granted to any one employee, and the number of Shares and price per Share subject to outstanding options as shall be equitable to prevent dilution or enlargement of rights under such options, and the determination of the Board of Directors or the Committee, as the case may be, as to these matters shall be conclusive. Notwithstanding the foregoing, (i) each such adjustment with respect to an Incentive Option shall comply with the rules of Section 424(a) of the Code, and (ii) in no event shall any adjustment be made which would render any Incentive Option granted hereunder other than an incentive stock option for purposes of Section 422 of the Code without the consent of the grantee.

XIV. RIGHT TO TERMINATE EMPLOYMENT

The Plan shall not impose any obligation on the Company or any subsidiary of the Company to continue the employment of any holder of an option and it shall not impose any obligation on the part of any holder of an option to remain in the employ of the Company or of any subsidiary thereof.

XV. PURCHASE FOR INVESTMENT

Except as hereafter provided, the holder of an option granted hereunder shall, upon any exercise thereof, execute and deliver to the Company a written statement, in form satisfactory to the Company, in which such holder represents and warrants that such holder is purchasing or acquiring the Shares acquired thereunder for such holder's own account, for investment only and not with a view to the resale or distribution thereof, and agrees that any subsequent offer for sale or sale or distribution of any of such Shares shall be made only pursuant to either (a) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which Registration Statement has become effective and is current with regard to the Shares being offered or sold, or (b) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the holder shall, prior to any offer for sale or sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto. The foregoing restriction shall not apply to (i) issuances by the Company so long as the Shares being issued are registered under the Securities Act and a prospectus in respect thereof is current or (ii) reofferings of Shares by affiliates of the Company (as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the Shares being reoffered are registered under the Securities Act and a prospectus in respect thereof is current.

XVI. ISSUANCE OF CERTIFICATES; LEGENDS; PAYMENT OF EXPENSES

Upon any exercise of an option which may be granted hereunder and payment of the purchase price, a certificate or certificates for the Shares as to which the option has been exercised shall be issued by the Company in the name of the person exercising the option and shall be delivered to or upon the order of such person or persons.

The Company may endorse such legend or legends upon the certificates for Shares issued upon exercise of an option granted hereunder and may issue such "stop transfer" instructions to its transfer agent in respect of such Shares as, in its discretion, it determines to be necessary or appropriate to (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act, (ii) implement the provisions of the Plan and any agreement between the Company and the optionee or grantee with respect to such Shares, or (iii) permit the Company to determine the occurrence of a disqualifying disposition, as described in Section 421(b) of the Code, of Shares transferred upon exercise of an Incentive Option granted under the Plan.

The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Shares upon exercise of an option, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer, except fees and expenses which may be necessitated by the filing or amending of a Registration Statement under the Securities Act, which fees and expenses shall be borne by the recipient of the Shares unless such Registration Statement has been filed by the Company for its own corporate purposes (and the Company so states) in which event the recipient of the Shares shall bear only such fees and expenses as are attributable solely to the inclusion of the Shares he or she receives in the Registration Statement, provided that the Company shall have no obligation to include any shares in any Registration statement.

All Shares issued as provided herein shall be fully paid and non-assessable to the extent permitted by law.

XVII. WITHHOLDING TAXES

The Company may require an employee exercising a Non-Qualified Option or disposing of Shares acquired pursuant to the exercise of an Incentive Option in a disqualifying disposition (within the meaning of Section 421(b) of the Code) to reimburse the corporation that employs such employee for any taxes required by any government to be withheld or otherwise deducted and paid by such corporation in respect of the issuance or disposition of Shares. In lieu thereof, the corporation that employs such employee shall have the right to withhold the amount of such taxes from any other sums due or to become due from such corporation to the employee upon such terms and conditions as the Board of Directors or the Committee, as the case may be, shall prescribe.

XVIII. LISTING OF SHARES AND RELATED MATTERS

If at any time the Board of Directors shall determine in its discretion that the listing, registration or qualification of the Shares covered by the Plan upon any national securities exchange or under any state or federal law or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of Shares under the Plan, no Shares shall be issued unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board of Directors.

XIX. AMENDMENT OF THE PLAN

The Board of Directors may, from time to time, amend the Plan without stockholder approval except to the extent that any such amendment fails to comply with any applicable provision of the Code, the Employee Retirement Income Security Act of 1974 or the rules of the New York Stock Exchange or causes the Plan to fail to be treated as qualified performance-based compensation under applicable Treasury Regulations.

XX. TERMINATION OR SUSPENSION OF THE PLAN

The Board of Directors may at any time suspend or terminate the Plan. The Plan, unless sooner terminated by action of the Board of Directors, shall terminate at the close of business on the Termination Date. An option may not be granted while the Plan is suspended or after it is terminated. Rights and obligations under any option granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except upon the consent of the person to whom the option was granted. The power of the Board of Directors or the Committee, as the case may be, to construe and administer any options granted prior to the termination or suspension of the Plan under Article III nevertheless shall continue after such termination or during such suspension.

XXI. GOVERNING LAW

The Plan, such options as may be granted thereunder and all related matters shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

XXII. PARTIAL INVALIDITY

The invalidity or illegality of any provision herein shall not be deemed to affect the validity of any other provision.

XXIII. EFFECTIVE DATE

The Plan shall become effective at 5:00 p.m., New York City time, on the Effective Date; provided, however, that if the Plan is not approved by a vote of the shareholders of the Company at an annual meeting or any special meeting or by unanimous written consent within twelve (12) months before or after the Effective Date, the Plan and any options granted thereunder shall terminate.

EXHIBIT 10.10

AGCO CORPORATION
AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN

SECTION I. PURPOSE

The AGCO Corporation Long-Term Incentive Plan (the "LTIP" or the "Plan") is intended to be the primary long-term incentive vehicle for senior management. While other managers and key employees are eligible to receive stock option grants, participants in the LTIP do not receive stock options. The Plan is designed to advance the interests of AGCO Corporation (the "Company") by encouraging senior management to seek ways to improve efficiencies, spend capital wisely, reduce debt and generate cash, all of which should combine to cause stock price appreciation. The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") nor is it qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code").

The Company's address is 4830 River Green Parkway, Duluth, Georgia 30136, and its telephone number is (770) 813-9200.

SECTION II. ADMINISTRATION

a. The Plan is administered by the Compensation Committee of the Board of Directors of the Company (the "Committee") consisting of not less than three members of the Board of Directors. Each member of the Committee is selected annually by the Board of Directors. Any member of the Committee may be removed at any time, either with or without cause, and any vacancy on the Committee may at any time be filled, by resolution adopted by the Board of Directors. All members of the Committee are required to be "nonemployee directors" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and "outside directors" within the meaning of Section 162(m)(4)(C)(i) of the Code. For additional information about the Committee, participants should contact the Company at the address and telephone number listed above.

b. The Committee selects the participants and determines: (i) when to grant a restricted stock award; (ii) the base price and the amount of Common Stock subject to each restricted stock award; and (iii) the vesting schedule of the award. The Committee also has authority to construe and amend the Plan and all awards granted under it, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine (subject to Sections VI and VII) the terms and provisions of the awards granted under the Plan (which need not be identical) and to make all other determinations necessary or advisable for administering the Plan.

SECTION III. SHARES SUBJECT TO THE PLAN

a. Awards for a total of 4,750,000 shares of the Company's $.01 par value Common Stock (the "Common Stock") may be granted pursuant to the terms of the Plan. The Common Stock subject to the Plan may be unissued shares of Common Stock or shares of issued Common Stock held in the Company's treasury, or both. No individual may receive awards for over 1,000,000 shares of Common Stock over the life of the Plan.

b. The number of shares of the Company's Common Stock available under the Plan, the maximum number of shares for which awards may be granted to any one individual and the number of shares of outstanding awards are subject to appropriate adjustment by the Committee in accordance with Section IX.

c. If any award granted under the Plan expires or otherwise terminates for any reason without having been vested in full, the forfeited stock again becomes available for issuance under the Plan.

SECTION IV. DURATION, AMENDMENT, AND TERMINATION

a. Unless sooner terminated by the Board of Directors, the Plan will terminate on December 14, 2003. The termination or any amendment of the Plan may not impair or adversely affect, without the consent of the participants, the rights of holders of outstanding awards. The Boards of Directors may amend or terminate the Plan at any time, and from time to time.

b. The Board of Directors may, from time to time, amend the Plan without stockholder approval except to the extent that any such amendment fails to comply with any applicable provision of the Code, ERISA or the rules of the New York Stock Exchange or causes the Plan to fail to be treated as qualified performance-based compensation under applicable Treasury Regulations.

SECTION V. ELIGIBILITY

Awards may be granted under the Plan only to executive officers and senior managers of the Company or any of its subsidiaries. Members of the Committee are not eligible to receive awards.

SECTION VI. TERMS AND CONDITIONS OF AWARDS

a. The LTIP provides opportunities for participants to earn shares of the Company's Common Stock if performance goals and continued employment requirements are met.

b. The LTIP operates over a five-year performance period. Under the LTIP, each participant receives a contingent allocation of shares which can be earned during the five-year performance period. The size of the participant's total share allocation is established to provide a long-term incentive opportunity which is competitive with the practices of a cross-section of U.S. industrial companies. If the share allocation is not fully earned during the performance period, any remaining opportunity is forfeited.

c. The share allocation is earned in increments for each 20% increase in average stock price (with the average calculated over 20 consecutive trading days) over the base price set by the Committee (the fair market value of the stock at the time the contingent allocations are made or, where the Committee deems appropriate and the contingent allocations are made within 10 business days after a prior allocation has been fully earned, the stock price at which such prior allocation has been fully earned); accordingly, the stock price must double during a five-year period for the full allocation to be earned. The increments of award earnings for each 20% increase in stock price are as follows:

% INCREASE IN STOCK PRICE	% OF AWARD EARNED
20%	10%
40%	25%
60%	45%
80%	70%
100%	100%

d. Absent any action by the Committee to the contrary, when an increment of the share allocation is earned, it will be awarded in the form of restricted stock which will carry a five-year vesting period. Under such vesting period, one-third of each award vests on the last day of the 36th, 48th, and 60th month, respectively, after each award is earned. The Committee has discretionary authority to alter the normal vesting period relating to any participant's award of restricted shares.

e. The ultimate value of the restricted stock is determined by the stock price at the end of the vesting period. During the vesting period, the earned awards of restricted stock are forfeitable upon voluntary termination of employment prior to age 65 or upon termination of employment by the Company for "cause." Upon retirement, at no earlier than age 65, awards earned on or prior to that date immediately vest to the benefit of the participant.

f. The LTIP requires stock price appreciation to earn awards, the earned awards are 100% forfeitable for a period of three years if service is broken, and the actual value of the award is determined at the time the stock vests. During the vesting period, participants receive any dividends issued on their restricted shares and have full voting rights, but they may not sell, transfer, pledge or otherwise dispose of such shares except as provided in Section XII(c).

SECTION VII. CASH BONUS AWARDS

a. When the restricted shares are vested, a cash payment designed to satisfy a portion of the federal and state income tax obligations of the participant is then payable by the Company to the participant. Cash bonus awards will be made on the last day of the 36th, 48th, and 60th month after each award is earned unless the vesting schedule is altered by the Committee. The cash bonus award shall be an amount equal to 40% of the value of the vested shares on the date the stock award is earned.

b. The tax payment is provided to remove the necessity for the executive to sell a significant portion of the stock earned under the LTIP to pay taxes. The value of the tax payments is considered in determining the appropriate size of the participant's share allocations.

SECTION VIII. DEATH, DISABILITY OR RETIREMENT OF PARTICIPANT

a. Upon the death or total disability of a participant or upon retirement, at no earlier than age 65, the program will terminate on the date of such event with respect to the participant, and award shares earned to that date shall be considered vested and pass to the estate of the deceased or to the disabled or retired participant.

b. The cash bonus award shall likewise be made to the estate of the deceased or the disabled or retired participant.

SECTION IX. ADJUSTMENTS

The Committee may adjust the number of shares of Common Stock under the Plan at any time to reflect any change in the outstanding shares of Common Stock through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or other like change in capital structure of the Company. With respect to outstanding awards, such adjustment shall be made such that the participant shall be made whole and suffer no dilution as a result of any change.

SECTION X. FEDERAL INCOME TAX CONSEQUENCES

a. Restricted Stock Awards. An individual receiving an award under the Plan does not recognize taxable income on the date of grant of the award, assuming that no Code Section 83(b) election is made with respect to the restricted stock. An individual will ordinarily recognize taxable income on the date he or she earns an award of shares based on the fair market value of the Common Stock on the date the award is earned, and the Company is entitled to a tax deduction at the same time and in the same amount. Upon subsequent disposition, any further gain or loss is taxable either as a short-term or long-term capital gain or loss, depending upon the length of time that the shares of Common Stock are held.

b. Dividends on Restricted Stock. Any dividends paid on restricted stock are taxable to the individual recipient, and are deductible by the Company, as ordinary compensation when paid, if no Code Section 83(b) election has been made with respect to such stock.

c. Cash Bonus Awards. An individual receiving a cash bonus award under the Plan must recognize ordinary income upon receipt of the award. The cash bonus award is deductible by the Company in the year that the income is recognized by the individual.

SECTION XI. CHANGE OF CONTROL

a. In the event of a Change in Control (as defined herein), the Company will require any successor to fulfill the terms and conditions of the Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. However, effective with the Change in Control, the participant will be immediately vested for all shares earned under the Plan.

b. "Change in Control" shall mean change in the ownership of a corporation, change in the effective control of a corporation or change in ownership of a substantial portion of the corporation's assets, as described in Section 280G of the Code, including the following:

(1) A change in the ownership of a corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of that corporation that, together with stock held by such person or group, possess more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation (unless any one person, or more than one person acting as a group, who is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of a corporation, acquires additional stock).

(2) A change in the effective control of a corporation is presumed (which presumption may be rebutted by the Committee) to occur on the date that either: any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing twenty percent (20%) or more of the total voting power of the stock of such corporation; or a majority of members of the corporation's board of directors is replaced during any twenty four (24)-month period by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election of such new directors.

(3) A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total fair

market value equal to or more than one-third of the total fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions unless the assets are transferred to: a stockholder of the corporation (immediately before the asset transfer) in exchange for or with respect to its stock; an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly by the corporation; a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all of the outstanding stock of the corporation; or an entity, at least fifty percent (50%) of the total value or voting power is owned, directly or indirectly, by a person, or more than one person acting as a group, that owns directly or indirectly, fifty percent (50%) or more of the total value of voting power of all of the outstanding stock of the corporation.

SECTION XII. RESTRICTIONS ON RESALES

a. An employee shall have no right to sell, assign, transfer, pledge or otherwise dispose of or encumber any interest in any right to receive shares of Common Stock granted under the LTIP except by will or the laws of descent and distribution, and, if any employee earns any shares of Common Stock during the first six months of any five-year performance period, the employee shall hold (within the meaning of Rule 16b-3 of the Exchange Act) such stock at least until the end of such six month period.

b. Since the participants in the Plan would generally be considered "affiliates" of the Company, as that term is defined in the Rules and Regulations under the Securities Act of 1933 (the "Securities Act"), shares of the Company's Common Stock acquired under awards may be subject to restrictions on resale imposed by the Securities Act. Such shares could be resold under the terms of Rule 144 of the Rules and Regulations, pursuant to another applicable exemption, if any, from the registration requirements of the Securities Act, or pursuant to an effective registration statement, should the Company elect to prepare and file one with the Securities and Exchange Commission. Rule 144 limits the number of shares which may be sold by an affiliate within a three-month period. An "affiliate" of the Company is defined by the Rules and Regulations as a person that "directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with" the Company. Directors, officers, substantial stockholders and others, who by one means or another have the ability to exercise control over the Company, may be deemed to be "affiliates." In connection with the awards, the Company may, in order to ensure that resales are made in compliance with the Securities Act, imprint a legend on certificates representing shares awarded to the effect that the shares may not be resold in the absence of compliance with the applicable restrictions or a determination that no restrictions are applicable.

c. Notwithstanding any language to the contrary, during the vesting period participants shall have the right (subject to Section XII(a)) to transfer all or any portion of the participants' restricted shares to any of the following: a revocable living trust primarily for the benefit of the participant, an irrevocable trust in which the participant is the settlor, or a partnership in which the participant is a general partner.

SECTION XIII. MISCELLANEOUS

a. No award payable under the Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan unless the Company shall determine otherwise.

b. The Plan and the grant of awards shall be subject to all applicable federal and state laws, rules and regulations and to such approval by any governmental or regulatory agency as may be required.

c. The terms of the Plan shall be binding upon the Company and its successors and assigns.

d. Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

e. Nothing contained in this Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements.

SECTION XIV. EFFECTIVE DATE

a. The Effective Date of the Plan shall be December 14, 1993. No awards will be granted under the Plan after the expiration of ten years from the Effective Date.

EXHIBIT 10.11

AGCO CORPORATION
NONEMPLOYEE DIRECTOR STOCK INCENTIVE PLAN

SECTION I. PURPOSE

The AGCO Corporation Nonemployee Director Stock Incentive Plan (the "Plan") is designed to enhance the Company's long-term growth and financial performance by strengthening the Company's ability to attract and retain the services of experienced and knowledgeable nonemployee directors. The Plan is structured to enable nonemployee directors to participate in the Company's growth and link their personal interests to those of Company stockholders. The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") nor is it qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code").

SECTION II. ADMINISTRATION

The Plan is administered by the Compensation Committee of the Board of Directors of the Company (the "Committee") consisting of not less than three members of the Board of Directors. The Committee has the authority to construe the Plan and all awards granted under it, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for administering the Plan. Any action taken by the Committee with respect to the administration of the Plan which would result in the Plan ceasing to be administered in accordance with the requirements of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") shall be null and void.

SECTION III. SHARES SUBJECT TO THE PLAN

a. A total of 100,000 shares of the Company's $.01 par value Common Stock (the "Common Stock") may be issued pursuant to the terms of the Plan. The stock subject to the Plan may be unissued shares or shares of issued stock held in the Company's treasury, or both.

b. The number of shares of the Company's Common Stock available under the Plan, and the number of shares of outstanding awards, are subject to adjustment by the Board of Directors, on the same basis as all other shares of Common Stock in the event of any merger, reorganization, consolidation, recapitalization, liquidation, stock dividend, split-up, share combination, or other change in the corporate structure of the Company affecting shares of Common Stock.

c. If any award granted under the Plan expires or otherwise terminates for any reason without having been earned, the related shares shall again become available for award under the Plan.

Section IV. DURATION, AMENDMENT, AND TERMINATION

a. Unless sooner terminated by the Board of Directors, the Plan will terminate on December 14, 2006. The Board of Directors may amend or terminate the Plan at any time, and from time to time. Any amendment to the Plan shall become effective as of the date set forth in such amendment.

b. The Board of Directors may, from time to time, amend the Plan without stockholder approval except to the extent that any such amendment fails to comply with any applicable provision of the Code, ERISA or the rules of the New York Stock Exchange.

Section V. ELIGIBILITY

Awards may be granted under the Plan only to nonemployee directors of the Company.

Section VI. TERMS AND CONDITIONS OF AWARDS

a. The Plan provides opportunities for nonemployee directors to earn shares of the Company's Common Stock if stock appreciation goals are met. The Plan operates on three-year performance periods. Under the Plan, each nonemployee director will be awarded the right to receive 2,000 shares of Common Stock which can be earned during a three-year performance period in effect for that participant. If the awarded shares are not fully earned before the end of the three-year performance period or before the departure from the Board of Directors for any reason, whichever comes first, any unearned awards are forfeited.

b. Each person who was a nonemployee director on December 14, 1994 shall be awarded a right to receive 2,000 shares of Common Stock. Each person who thereafter becomes a nonemployee director shall be awarded a right to receive 2,000 shares of Common Stock as of the date he or she first begins to serve as a nonemployee director. At the end of each three-year performance period or at the end of the period over which all shares awarded for a three-year performance period are earned in full, whichever comes first, each continuing nonemployee director shall be awarded a right to receive an additional 2,000 shares of Common Stock which can be earned during an additional three-year period.

c. Awarded shares are earned in increments for each 15% increase in average stock price (with the average calculated over 20 consecutive trading days using the closing price for a share of Common Stock as reported in the record of composite transactions for the New York Stock Exchange) over the base price. The base price is defined as the closing price for a share of Common Stock on the date the award is made as reported for such date in the record of composite transactions for the New York Stock Exchange. The stock price must increase 60% for the full award to be earned. The increments of award earnings for each 15% increase over the base price are as follows:

% Increase In Base Stock Price	% of Award Earned
15%	25%
30%	50%
45%	75%
60%	100%

d. When an increment of the awarded shares is earned, the shares shall be issued to the participant in the form of restricted stock which vests 12 months after the end of the three-year performance period for which the shares were awarded or 12 months after the date all of the shares awarded for the three-year performance period have been earned in full, whichever comes first. In the event of departure from the Company's Board of Directors for any reason, all earned awards vest.

e. The Plan requires stock price appreciation to earn awards and the actual value of the award is determined at the time the stock vests pursuant to the vesting period described above. During the vesting period, participants receive any dividends issued on their restricted shares and have full voting rights, but they may not sell, assign, transfer, pledge or otherwise dispose of such shares.

f. A nonemployee director shall have no right to sell, assign, transfer, pledge or otherwise dispose of or encumber any interest in any right to receive shares of Common Stock granted under the Plan, and, if a nonemployee director earns any shares of Common Stock during the first six months of any three-year performance period, the nonemployee director shall hold (within the meaning of Rule 16b-3 of the Exchange Act) such stock at least until the end of such six month period.

Section VII. CASH BONUS AWARDS

When the restricted shares are earned, a cash payment designed to satisfy a portion of the federal and state income tax obligations of the participant is then payable by the Company to the participant. The cash bonus award shall be an amount equal to 40% of the value of the shares on the date the stock award is earned and will be paid on the last day of the calendar year in which the awarded shares are earned. Such value shall be determined using the closing price for a share of Common Stock as reported in the record of composite transactions for the New York Stock Exchange on the date the awarded shares are earned. The tax payment is provided to remove the necessity for the nonemployee director to sell a significant portion of the stock earned under the Plan to pay taxes.

Section VIII. DEATH, DISABILITY OR RETIREMENT OF PARTICIPANT

a. Upon the death or total disability of a participant or upon retirement, the program will terminate on the said date of the event with respect to the participant, and awarded shares earned to that date shall be considered vested and pass to the estate of the deceased or to the disabled or retired participant.

b. The cash bonus award shall likewise be made to the estate of the deceased or the disabled or retired participant.

Section IX. RESTRICTIONS ON RESALES

Since the participants in the Plan are directors of the Company and would generally be considered "affiliates" of the Company, as that term is defined in the Rules and Regulations under the Securities Act of 1933 (the "Act"), shares of the Company's Common Stock acquired under awards may be subject to restrictions on resale imposed by the Act. Such shares could be resold under the terms of Rule 144 of the Rules and Regulations, pursuant to another applicable exemption, if any, from the registration requirements of the Act, or pursuant to an effective registration statement, should the Company elect to prepare and file one with the Securities and Exchange Commission. Rule 144 limits the number of shares which may be sold by an affiliate within a three-month period. An "affiliate" of the Company is defined by the Rules and Regulations as a person that "directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with" the Company. Directors, officers, substantial shareholders and others, who by one means or another have the ability to exercise control over the Company, may be deemed to be "affiliates." In connection with the awards, the Company may, in order to ensure that resales are made in compliance with the Act, imprint a legend on certificates representing shares awarded to the effect that the shares may not be resold in the absence of compliance with the applicable restrictions or a determination that no restrictions are applicable.

Section X. MISCELLANEOUS

a. Shares awarded and earned under the Plan shall be in addition to any annual retainer, committee fees, or other compensation payable to each nonemployee director as a result of his or her service on the Board of Directors.

b. The Plan and awards granted under the Plan shall be subject to all applicable federal and state laws, rules and regulations and to such approval by any governmental or regulatory agency as may be required. With respect to any nonemployee directors subject to Section 16 of the Exchange Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the Plan or action by the Board of Directors fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Board of Directors.

c. The terms of the Plan shall be binding upon the Company and its successors and assigns.

d. Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

e. Nothing contained in this Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements.

SECTION XI. EFFECTIVE DATE AND STOCKHOLDER APPROVAL

a. The Effective Date of the Plan shall be December 14, 1994, subject to approval by the holders of a majority of the Company's common stock at the 1995 Annual Meeting and all awards made before such approval shall be made subject to such approval. No awards will be granted under the Plan after the expiration of twelve years from the Effective Date.

EXHIBIT 10.22

EMPLOYMENT AND SEVERANCE AGREEMENT

This Employment and Severance Agreement (the "Agreement") entered into this 1st day of February, 1995, by and between AGCO CORPORATION, a Delaware corporation (the "Company"), and Chris Perkins (the "Executive"),

witnesseth:

In consideration of the mutual covenants and agreements hereinafter set forth, the Company and the Executive do hereby agree as follows:

1. EMPLOYMENT.

(a) The Company hereby employs the Executive and the Executive hereby agrees to serve the Company on the terms and conditions set forth herein.

(b) The employment term shall commence on February 1, 1995 and shall be for a term of three (3) years. Each year, at the end of the first year of service and on the anniversary date of the end of the first year of service under the Agreement, the Agreement shall be automatically extended for an additional year, unless the Company notifies the Executive prior to the anniversary date, in writing, that it desires to terminate the Agreement or unless otherwise terminated earlier in accordance with Section 6 or any other provision of the Agreement. The Company may terminate the Agreement in this manner without cause. If the Executive is notified of the termination of the Agreement, the Executive will continue similar service to the Company as directed, and the Company shall pay the Executive his Base Salary (as defined in Section 3(a) of the Agreement) then in effect and will continue the Executive's group health and life insurance for the balance of the two (2) year period remaining on the Agreement. If the Executive fails to perform similar duties as directed by the Company or voluntarily terminates the availability of services to accept other employment, the Company may cease payment of the Base Salary and insurance coverage upon thirty (30) days written notice. In the event of notice of termination without cause, the Company will reasonably cooperate with the Executive and not be unreasonable in providing the use of facilities or free time for outplacement.

2. POSITION AND DUTIES.

The Executive shall serve as Vice President of Finance, International Division, of the Company and shall perform such duties and responsibilities as may from time to time be prescribed by the Company's board of directors (the "Board"), provided that such duties and responsibilities are consistent with the Executive's position. The Executive shall perform and discharge faithfully, diligently and to the best of his/her ability such duties and responsibilities and shall devote all of his/her working time and efforts to the business and affairs of the Company and its affiliates.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay to the Executive an annual base salary ("Base Salary") of One Hundred Thousand Dollars ($100,000.00), payable in equal semi-monthly installments throughout the term of such employment subject to Sections 5 and 6 hereof and subject to applicable tax and payroll deductions. The Company shall consider increases in the Executive's Base Salary annually, and any such increase in salary implemented by the Company shall become the Executive's Base Salary for purposes of this Agreement.

(b) INCENTIVE COMPENSATION. Provided Executive has duly performed his/her obligations pursuant to this Agreement, the Executive shall be entitled to participate in or receive benefits under the Management Incentive Compensation Plan implemented by the Company.

(c) OTHER BENEFITS. During the term of this Agreement, the Executive shall be entitled to participate in the Stock Option Plan implemented by the Company and any employee benefit plans and arrangements which are available to senior executive officers of the Company, including, without limitation, group health and life insurance, pension and savings and the Senior Management Employment Policy.

(d) FRINGE BENEFITS. The Company shall pay or reimburse Executive for all reasonable and necessary expenses incurred by him/her in connection with his/her duties hereunder, upon submission by Executive to the Company of such written evidence of such expense as the Company may require. Throughout the term of this Agreement, the Company will provide Executive with the use of a vehicle for purposes within the scope of his/her employment and shall pay all expenses for fuel, maintenance and insurance in connection with such use of the automobile. The Company further agrees that Executive shall be entitled to four (4) weeks of vacation in any year of the term of employment hereunder. Nothing paid to the Executive under any such Company plans or arrangements shall be deemed to be in lieu of compensation to the Executive hereunder.

4. NON-DISCLOSURE, NON-COMPETITION AND NON-SOLICITATION COVENANTS.

(a) ACKNOWLEDGEMENTS. The Executive acknowledges that as Vice President of Finance, International Division of the Company (i) he/she frequently will be exposed to certain "Trade Secrets" and "Confidential Information" of the Company (as those terms are defined in Subsection 4(b)), (ii) his/her responsibilities on behalf of the Company will extend to all geographical areas where the Company is doing business, and (iii) any competitive activity on his/her part during the term of his employment and for a reasonable period thereafter would necessarily involve his/her use of the Company's Trade Secrets and Confidential Information and, therefore, would unfairly threaten the Company's legitimate business interests, including its substantial investment in the proprietary aspects of its business and the goodwill associated with its customer base. Moreover, the Executive acknowledges that, in the event of the termination of his/her employment with the Company, he/she would have sufficient skills to find alternative, commensurate work in his/her field of expertise that would not involve a violation of any of the provisions of this Section 4. Therefore, the Executive acknowledges and agrees that it is reasonable for the Company to require him/her to abide by the covenants set forth in this Section 4. The parties acknowledge and agree that if the nature of the Executive's responsibilities for or on behalf of the Company and the geographical areas in which the Executive must fulfill them materially change, the parties will execute appropriate amendments to the scope of the covenants in this Section 4.

(b) DEFINITIONS. For purposes of this Section 4, the following terms shall have the following meanings:

(i) "COMPETITIVE POSITION" shall mean (i) the Executive's direct or indirect equity ownership (excluding equity ownership of less than one percent (1%) or control of all or any portion of a Competitor, or (ii) any employment, consulting, partnership, advisory, directorship, agency, promotional or independent contractor arrangement between the Executive and any Competitor whereby the Executive is required to perform executive level services substantially similar to those that he will perform for the Company as its Vice President of Finance, International Division.

(ii) "COMPETITOR" of the Company shall refer to any person or entity engaged, wholly or partly, in the business of manufacturing and distributing farm equipment machinery and replacement parts.

(iii) "CONFIDENTIAL INFORMATION" shall mean the proprietary and confidential data or information of the Company, other than "Trade Secrets" (as defined below), which is of tangible or intangible value to the Company and is not public information or is not generally known or available to the Company's competitors.

(iv) "TRADE SECRETS" shall mean information of the Company, including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, products plans, or lists of actual or potential customers or suppliers, which: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(v) "WORK PRODUCT" shall mean all work product, property, data, documentation, "know-how", concepts or plans, inventions, improvements, techniques, processes or information of any kind, relating to the Company and its business prepared, conceived, discovered, developed or created by the Executive for the Company or any of the Company's customers.

(c) NONDISCLOSURE; OWNERSHIP OF PROPRIETARY PROPERTY

(i) The Executive hereby covenants and agrees that: (i) with regard to information constituting a Trade Secret, at all times during the Executive's employment with the Company and all times thereafter during which such information continues to constitute a Trade Secret; and (ii) with regard to any Confidential Information, at all times during the Executive's employment with the Company and for three (3) years after the termination of the Executive's employment with the Company, the Executive shall regard and treat all information constituting a Trade Secret or Confidential Information as strictly confidential and wholly owned by the Company and will not, for any reason in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, appropriate or otherwise communicate any such information to any party for any purpose other than strictly in accordance with the express terms of this Agreement and other than as may be required by law.

(ii) To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. ss. 101 et seq., as amended) and owned exclusively by the Company. The Executive hereby unconditionally and irrevocably transfers and assigns to the Company all rights, title and interest the Executive may currently have or in the future may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks, service marks and other intellectual property rights. The Executive agrees to execute and deliver to the Company any transfers, assignments, documents or other instruments which the Company may deem necessary or appropriate to vest complete title and ownership of any Work Product, and all rights therein, exclusively in the Company.

(iii) The Executive shall immediately notify the Company of any intended or unintended, unauthorized disclosure or use of any Trade Secrets or Confidential Information by the Executive or any other person of which the Executive becomes aware. In addition to complying with the provisions of Section 4(c) (i) and 4 (c) (ii), the Executive shall exercise his best efforts to assist the Company, to the extent the Company deems reasonably necessary, in the procurement of any protection of the Company's rights to or in any of the Trade Secrets or Confidential Information.

(iv) Immediately upon termination of the Executive's employment with the Company, or at any point prior to or after that time upon the specific request of the Company, the Executive shall return to the Company all written or descriptive materials of any kind in the Executive's possession or to which the Executive has access that constitute or contain any Confidential Information or Trade Secrets, and the confidentiality obligations of this Agreement shall continue until their expiration under the terms of this Agreement.

(d) NON-COMPETITION. The Executive agrees that during the term of his/her employment, he/she will not, either directly or indirectly, alone or in conjunction with any other party, (i) accept or enter into a Competitive Position with a Competitor of the Company, or (ii) take any action in furtherance of or in conjunction with a Competitive Position with a Competitor of the Company. The Executive agrees that for two (2) years after any termination of his employment with the Company, he/she will not, in the "Restricted Territory" (as defined in the next sentence), either directly or indirectly, alone or in conjunction with any other party, (A) accept or enter into a Competitive Position with a Competitor of the Company, or (B) take any action in furtherance of or in conjunction with a Competitive Position with a Competitor of the Company. For purposes of this Section 4, "Restricted Territory" shall refer to all geographical areas comprised within the fifty United States of America, Western Europe and Canada. The Executive and the Company each acknowledge that the scope of the Restricted Territory is reasonable because (1) the Company is conducting substantial business in all fifty states (as well as several foreign countries), (2) the Executive occupies one of the top executive positions with the Company, and (3) the

Executive will be carrying out his employment responsibilities in all locations where the Company is doing business.

(e) NON-SOLICITATION OF CUSTOMERS. The Executive agrees that during the term of his/her employment, he/she will not, either directly or indirectly, along or in conjunction with any other party, solicit, divert or appropriate or attempt to solicit, divert or appropriate any customer or actively sought prospective customer of the Company for or on behalf of any Competitor of the Company. The Executive agrees that for two (2) years after any termination of his employment with the Company, he/she will not, in the Restricted Territory, either directly or indirectly, alone or in conjunction with any other party, for or on behalf of a Competitor of the Company, solicit, divert or appropriate or attempt to solicit, divert or appropriate any customer or actively sought prospective customer of the Company with whom he had substantial contact during a period of time of up to, but no longer than, eighteen (18) months prior to any termination of his/her employment with the Company.

(f) NON-SOLICITATION OF COMPANY PERSONNEL. The Executive agrees that, except to the extent that he/she is required to do so in connection with his/her express employment responsibilities on behalf of the Company, during the term of his/her employment he/she will not, either directly or indirectly, alone or in conjunction with any other party, solicit or attempt to solicit any employee, consultant, contractor or other personnel of the Company to terminate, alter or lessen that party's affiliation with the Company or to violate the terms of any agreement or understanding between such employee, consultant, contractor or other person and the Company. The Executive agrees that for two (2) years after any termination of his/her employment with the Company, and in the Restricted Territory, he/she will not, either directly or indirectly, alone or in conjunction with any other party, solicit or attempt to solicit any "material" or "key" (as those terms are defined in the next sentence) employee, consultant, contractor or other personnel of the Company to terminate, alter or lessen that party's affiliation with the Company or to violate the terms of any agreement or understanding between such employee, consultant, contractor or other person and the Company. For purposes of the preceding sentence, "material" or "key" employees, consultants, contractors or other personnel of the Company are those who have access to the Company's Trade Secrets and Confidential Information and whose position or affiliation with the Company is significant.

(g) REMEDIES. Executive agrees that damages at law for the Executive's violation of any of the covenants in this Section 4 would not be an adequate or proper remedy and that should the Executive violate or threaten to violate any of the provisions of such covenants, the Company or its successors or assigns shall be entitled to obtain a temporary or permanent injunction against Executive in any court having jurisdiction prohibiting any further violation of any such covenants, in addition to any award or damages, compensatory, exemplary or otherwise, for such violation, if any.

(h) PARTIAL ENFORCEMENT. The Company has attempted to limit the rights of the Executive to compete only to the extent necessary to protect the Company from unfair competition. The Company, however, agrees that, if the scope of enforceability of these restrictive covenants is in any way disputed at any time, a court or other trier of fact may modify and enforce the covenant to the extent that it believes to be reasonable under the circumstances existing at the time.

5. SEVERANCE.

(a) CHANGE IN CONTROL. In order to induce the Executive to remain in the employ of the Company, the Executive is provided the severance benefits set forth in this Section 5, in the event the Executive's employment with the Company is terminated subsequent to a change in control under the circumstances described below. In exchange for the severance benefits the Executive agrees that in the event of a Change in Control (as defined in Subsection (f) below), the Executive will not voluntarily terminate his employment with the Company until thirty (30) days after the Change in Control.

(b) SEVERANCE BENEFITS. No benefits shall be payable under this Section 5 unless there shall have been a Change in Control. In the event a Change in Control occurs, the Executive is entitled to the following benefits upon any subsequent termination of the Executive's employment within two (2) years from the date of such Change in Control, unless such termination is (a) because of the death or Incapacity (as defined in Section 6(b) below) of the Executive, (b) by the Company for Cause (as defined in Subsection (f) below), (c) by the Executive other than for Good Reason (as defined in Subsection (f) below) or (d) upon the Executive's voluntary retirement.

(i) The Company shall pay the Executive within thirty (30) days of the date of termination (subject to Subsection (ii) below) an amount in cash equal to three times the Executive's Annual Base Compensation (as defined in Subsection (f) below; provided that in no event shall the amount payable pursuant to this Section 5, when added to any other payments which are deemed to be "parachute payments" as defined in Section 280G of the Internal Revenue Code, as amended (and as hereafter amended) (the "Code"), equal or exceed three (3) times the Executive's "base amount" as determined pursuant to Section 280G of the Code for purposes of any excise tax under Section 4999 of the Code. The foregoing shall be calculated and determined by Arthur Andersen & Co. or such other nationally recognized independent accounting firm as may be mutually acceptable to the Company and the Executive hereafter. In all events and notwithstanding anything herein to the contrary, any amounts payable under this Section 5, when taken together with the present value of all other payments in the nature of compensation to the Executive which are contingent on a Change in Control, shall be reduced by the smallest amount necessary to reduce the aggregate amount of all such payments to an amount equal to three (3) times such base amount less One Dollar ($1.00).

(ii) The Executive may elect by written notice given to the Company prior to a Change in Control to receive all or any portion of the payments to which the Executive is entitled to receive as described above in one or more installment payments at such time or times as the Executive shall specify in the written notice, together with interest thereon calculated at a rate of interest equal to the prime rate of Chemical Bank of NYC as in effect from time to time from the date of termination.

(iii) The Company shall continue to cover the Executive under, or provide the Executive with insurance coverage no less favorable than, the life, disability and health benefit plans which are provided to the Company's then-current, similarly situated Executives for a period equal to the lesser of (X) three (3) years following the date of termination, or (Y) until the Executive is provided benefits by another employer substantially comparable to the benefits provided by the Company.

(iv) In the event of the Executive's death subsequent to termination, all payments or benefits to which the Executive is entitled under this Section 5 shall be paid to the Executive's designated beneficiary or beneficiaries or, if none are designated, to the Executive's estate.

(v) All payments and benefits to which the Executive is entitled under this Section 5 shall be made and provided without offset, deduction or mitigation on account of income the Executive may receive from other employment or otherwise.

(vi) All payments and benefits due or required to be made or provided in the future to the Executive under this Section 5 shall become immediately due and payable without further notice or demand, upon the occurrence of any Event of Acceleration.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business of the Company, by agreement satisfactory to the Executive, to expressly assume and agree to perform the terms of this Section 5 in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The provisions of this Section 5 shall continue to apply to each subsequent successor.

(c) The Company shall pay all of the costs and expenses, including all attorneys' fees and disbursements, at least monthly, in connection with any disputes, legal proceedings, arbitrations or other conflicts, whether or not instituted by the Company or the Executive relating to the interpretation or enforcement of any provision of this Section.

(d) EFFECT. This Section 5 is not intended and shall not be deemed to guarantee the Executive of any term of employment with the Company but only to designate the severance benefits the Executive is entitled to under the circumstances set forth in this Section 5. Moreover, this Section 5 is not intended to and shall not effect, limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or entered into hereafter.

(e) EXCLUSIVE REMEDY. The Executive and the Company acknowledge and agree that in the event the Executive receives compensation under this Section 5, the Company shall be relieved of any and all other obligations under this Agreement except for full compliance with the terms of this Section 5. By way of illustration and not limitation, if the Executive's employment is terminated in connection with a Change in Control the Company would pay the Executive severance benefits pursuant to the terms of this Section 5 and would not be obligated to the Executive for continuation of the Executive's employment pursuant to Section 2 or payment under Section 6(e) below.

(f) DEFINITIONS. As used in this Section 5, the following capitalized terms have the meaning indicated below:

(i) "ANNUAL BASE COMPENSATION" shall mean the Executive's annualized includable compensation for the base period as defined, discussed and illustrated in Section 280G of the Code and the duly promulgated Treasury Regulations thereunder.

(ii) "CAUSE" shall be defined as set forth in Section 6(c) below.

(iii) "CHANGE IN CONTROL" shall mean changes in the ownership of a corporation, changes in the effective control of a corporation and changes in ownership of a substantial portion of a corporation's assets all as defined, discussed and illustrated in Section 280G of the Code and the duly promulgated Treasury Regulations thereunder and specifically Q-27, Q-28 and Q-29 respectively of proposed Treasury Regulation Section 1.280G-1. Without limiting the foregoing and by way of example:

(A) A change in the ownership of a corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of that corporation that, together with stock held by such person or group, possess more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation. However, if any one person, or more than one person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of a corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the corporation. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the corporation acquires its stock in exchange for property will be treated as an acquisition of stock.

(B) A change in the effective control of a corporation is presumed (which presumption may be rebutted) to occur on the date that either: any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing twenty percent (20%) or more of the total voting power of the stock of such corporation; or a majority of members of the corporation's board of directors is replaced during any twenty four (24)-month period by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election of such new directors.

(C) A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total fair market value equal to or more than one-third of the total fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions. The transfer of assets by a corporation is not treated as a change in the ownership of such assets if the assets are transferred to: a shareholder of the corporation (immediately before the asset transfer) in exchange for or with respect to its stock; an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly by the corporation; a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all of the outstanding stock of the corporation; or an entity, at least fifty percent (50%) of the total value or voting power is owned, directly or indirectly, by a person, or more than one person acting as a group, that owns directly or indirectly, fifty percent (50%) or more of the total value of voting power of all of the outstanding stock of the corporation.

(iv) "EVENT OF ACCELERATION" SHALL MEAN:

(A) The failure of the Company to make any payment or provide any benefit to which the Executive is entitled under this Agreement when due or as accelerated, which failure continues thirty (30) days after the due date thereof; or

(B) The failure by the Company to obtain the assumption of the agreement to perform this Agreement by any successor as contemplated herein; or

(C) A decrease by more than forty percent (40%) within any two (2) year period of the book value of the net assets of the Company and its subsidiaries, taken as a whole; or

(D) The filing of a petition by or against the Company for adjudication as a bankrupt under the Federal Bankruptcy Act, or for reorganization, or the filing of any petitions for similar relief; the commencement of any action or proceeding for the appointment of a receiver or a trustee of all or substantially all of the property of the Company; the taking or possession of any property of the Company by any governmental or judicial officer or agency pursuant to statutory authority for the dissolution, rehabilitation, reorganization, or liquidation of the Company; the dissolution or commencement of any action or proceeding, whether voluntary or involuntary, for the dissolution or liquidation of the Company; or the making by the Company of an assignment for the benefit of creditors; provided that the Company shall have ninety (90) days within which to affect the dismissal of any involuntary proceedings of a type referred to above that is commenced against it.

(v) "GOOD REASON" shall mean, without the written consent of the Executive:

(A) A reduction in the Executive's base salary or a reduction in the Executive's benefits received from the Company other than in connection with an across the board reduction in salaries and/or benefits for similarly situated employees of the Company or pursuant to the Company's standard retirement policy; or

(B) The relocation of the Executive's full time office to a location greater than fifty (50) miles from the Company's current corporate office; or

(C) A reduction in the Executive's corporate title or duties; or

(D) A material breach by the Company of this Agreement.

(vi) "NORMAL RETIREMENT DATE" shall mean the first day of the month coincident with or next following the Executive's sixty-fifth (65th) birthday.

6. TERMINATION.

(A) DEATH. The Executive's employment hereunder shall terminate upon the death of the Executive, provided, however, that for purposes of the payment of compensation and benefits to the Executive under this Agreement the death of the Executive shall be deemed to have occurred ninety (90) days from the last day of the month in which the death of the Executive shall have occurred.

(b) INCAPACITY. The Company may terminate the Executive's employment hereunder at the end of any calendar month by giving written Notice of Termination to the Executive in the event of the Executive's incapacity due to physical or mental illness which prevents the proper performance of the duties of the Executive set forth herein or established pursuant hereto for a substantial portion of any six (6) month period of the Executive's term of employment hereunder. Any question as to the existence, extent or potentiality of illness or incapacity of Executive upon which Company and Executive cannot agree shall be determined by a qualified independent physician selected by the Company and approved by Executive (or, if Executive is unable to give such approval, by any adult member of the immediate family or the duty appointed guardian of the Executive). The determination of such physician certified in writing to the Company and to Executive shall be final and conclusive for all purposes of this Agreement.

(c) CAUSE. The Company may terminate the Executive's employment hereunder for Cause by giving written Notice of Termination to the Executive. For the purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon the Executive's (i) habitual drunkenness or willful failure materially to perform and discharge the duties and responsibilities of the Executive hereunder or any breach of the Executive of the provisions of Section 4 hereof, or (ii) misconduct that is materially injurious to the Company or (iii) conviction of a felony involving the personal dishonesty of the Executive or moral turpitude.

(d) NOTICE OF TERMINATION. Any termination by the Company pursuant to the Subsections (b) or (c) above shall be communicated by written Notice of Termination to the Executive. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision of this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination. A date of termination specified in Notice of Termination shall not be dated earlier than ninety (90) days from the date such Notice is delivered or mailed to the Executive.

(e) Obligation to Pay. Except upon voluntary termination by the Executive or termination of the Executive's employment in connection with a Change in Control (in which case Section 5 shall govern) and subject to Section 7 below, the Company shall pay the compensation specified in this Agreement to the Executive for the remainder of the term set forth in Section l(b) or for the period specified in this Subsection 6 (e), whichever period is the lesser. The Company also will continue insurance benefits during the remainder of the term set forth in Section l(b). If the Executive's employment shall be terminated by reason of death, the estate of the Executive shall be paid all sums otherwise payable to The Executive through the end of the third month after the month in which the death of the Executive occurred and all bonus or other incentive benefits accrued or accruable to the Executive through the end of the month in which the death of the Executive occurred and the Company shall have no further obligations to the Executive under this Agreement. If the Executive's employment is terminated by reason of incapacity, the Executive or the person charged with legal responsibility for the Executive's estate shall be paid all sums otherwise payable to the Executive, including the bonus and other benefits accrued or accruable to the Executive, through the date of termination specified in the Notice of Termination, and the Company shall have no further obligations to the Executive under this Agreement. If the Executive's employment shall be terminated for Cause, the Company shall pay the Executive his Base Salary through the date of termination specified in the Notice of Termination and the Company shall have no further obligations to the Executive under this Agreement.

7. Effect of Re-Employment/Other Compensation.

(a) If at any time after the termination of the Executive's employment, the Company is continuing to pay benefits to the Executive pursuant to Section 6(e) above, and the Executive enters into new employment with a party other than the Company ("Re-Employment"), the Executive shall immediately notify the Company in writing of the Executive's monthly compensation to be received from such Re-Employment and any insurance coverage provided pursuant thereto, and the following provisions shall apply:

(i) If the Executive's monthly compensation from Re-Employment is equal to or in excess of the compensation being paid by the Company, the Company shall promptly pay the Executive, in full satisfaction of all obligations to compensate the Executive under Section 6(e), an amount equal to fifty percent (50%) of Company's remaining compensation obligation. Notwithstanding anything herein to the contrary and except for the obligations in Subsection (b) below, upon payment by the Company of the amounts set forth in this Section 7(a)(i), the Company shall cease to have any obligation under Section 6(e) of this Agreement.

(ii) If the Executive's monthly compensation from Re-Employment is less than the compensation being paid by the Company, compensation payable to the Executive shall automatically be reduced by the amount of the Executive's monthly compensation from Re-Employment provided, however, that at the end of the Company's obligations to pay under Section 6(e) it shall pay the Executive an amount equal to 100 percent (100%) of the remainder of: (A) total compensation obligations of the Company under Section 6(e) less (b) the actual compensation paid the Executive during the post-termination period. Notwithstanding anything herein to the contrary and except for the obligations in Subsection (b) below, upon payment of the final payment the Company shall cease to have any obligations under this Agreement. The Executive shall immediately notify the Company of any change in the level of compensation received from Re-Employment and, if such compensation increases to a level equal to or in excess of the compensation being paid by the Company, the provisions of Section 7 (a)(i) shall then apply.

(b) Provided COBRA requirements have been met, the Company's obligation to provide insurance coverage to the Executive under Section 3(c) or Section 5(b)(iii) hereof shall terminate as to any specific coverage if and when comparable coverage is made available to the Executive in connection with Re-Employment.

8. NOTICES. For the purpose of this Agreement, notices and all other communications to either party hereunder provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or mailed by certified first-class mail, postage prepaid, addressed:

in the case of the Company to:

AGCO Corporation
4830 River Green Parkway
Duluth, Georgia 30136
Attention: R. J. Ratliff

in the case of the Executive to:

Chris Perkins
83 Willes Road
Leamingston Spa
Warwickshire England

or to such other address as either party shall designate by giving written notice of such change to the other party.

9. ARBITRATION. Any claim, controversy, or dispute arising between the parties with respect to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to and resolved by binding arbitration. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act

and (except as otherwise specified herein) the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the arbitration is commenced. The venue for the arbitration shall be the Atlanta, Georgia offices of the American Arbitration Association. Either party may notify the other party at any time of the existence of an arbitrable controversy by delivery in person or by certified mail of a Notice of Arbitrable Controversy. Upon receipt of such a Notice, the parties shall attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such Notice. Notice to the Company and the Executive shall be sent to the addresses specified in Section 8 above. If the dispute cannot be resolved within the fifteen (15) day period, either party may file a written Demand for Arbitration with the American Arbitration Association's Atlanta, Georgia Regional Office, and shall send a copy of the Demand for Arbitration to the other party. The arbitration shall be conducted before a panel of three (3) arbitrators. The arbitrators shall be selected as follows: (a) The party filing the Demand for Arbitration shall simultaneously specify his or its arbitrator, giving the name, address and telephone number of said arbitrator, (b) The party receiving such notice shall notify the party demanding the arbitration of his or its arbitrator, giving the name, address and telephone number of the arbitrator within five (5) days of the receipt of such Demand for Arbitration; (c) A neutral person shall be selected through the American Arbitration Association's arbitrator selection procedures to serve as the third arbitrator. The arbitrator designated by any party need not be neutral. In the event that any person fails or refuses timely to name his arbitrator within the time specified in this Section 9, the American Arbitration Association shall (immediately upon notice from the other party) appoint an arbitrator. The arbitrators thus constituted shall promptly meet, select a chairperson, fix the time, date(s), and place of the hearing, and notify the parties. To the extent practical, the arbitrators shall schedule the hearing to commence within sixty (60) days after the arbitrators have been impaneled. A majority of the panel shall render an award within ten (10) days of the completion of the hearing, which award may include an award of interest, legal fees and costs of arbitration. The panel of arbitrators shall promptly transmit an executed copy of the award to the respective parties. The award of the arbitrators shall be final binding and conclusive upon the parties hereto. Each party shall have the right to have the award enforced by any court of competent jurisdiction.

Executive initials: /S/ CP   Company initials: /S/ RJR

10. NO WAIVER. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is approved by the Board and agreed to in a writing signed by the Executive and such officer as may be specifically authorized by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provisions or conditions of this Agreement at the same or at any prior or subsequent time.

11. SUCCESSORS AND ASSIGNS. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company and the Executive's rights under this Agreement shall inure to the benefit of and be binding upon his heirs and executors. Neither this Agreement or any rights or obligations of the Executive herein shall be transferable or assignable by the Executive.

12. VALIDITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. The parties intend for each of the covenants contained in Section 4 to be severable from one another.

13. SURVIVAL. The provisions of Section 4 hereof shall survive the termination of Executive's employment and shall be binding upon the Executive's personal or legal representative, executors, administrators, successors, heirs, distributee, devisees and legatees and the provisions of Sections 5 and 6 hereof relating to payments and termination of the Executive's employment hereunder shall survive such termination and shall be binding upon the Company.

14. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. ENTIRE AGREEMENT. This Agreement constitutes the full agreement and understanding of the parties hereto with respect to the subject matter hereof and all prior or contemporaneous agreements or understandings are merged herein. The parties to this Agreement each acknowledge that both of them and their respective agents and advisors were active in the negotiation and drafting of the terms of this Agreement.

16. GOVERNING LAW. The validity, construction and enforcement of this Agreement, and the determination of the rights and duties of the parties hereto, shall be governed by the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

AGCO CORPORATION

By: /s/ R.J. Ratliff

Name: R.J. Ratliff

Title: Chairman

EXECUTIVE

/s/ Chris E. Perkins

AMENDMENT TO EMPLOYMENT AND SEVERANCE AGREEMENT

This Agreement is to amend the Employment and Severance Agreement (the "Agreement") between AGCO Corporation, a Delaware corporation, (the "Company") and Chris E. Perkins, (the "Executive"), dated February 1, 1995.

Section 5 of the Agreement is amended to add Section 5 (g) as follows:

(g) Long Term Incentive and Other Stock Plans. In the event of a Change In Control (as defined in Subsection (f) above), the Company will require any successor to fulfill the terms and conditions of the Long Term Incentive Plans and any Stock Option Plans previously provided to the Executive in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. However, effective with the Change in Control, the Executive will be immediately vested for all shares earned under the Long Term Incentive Plans and for those shares awarded under any Stock Option Plan.

AGCO Corporation	Executive
By: /s/ Allen W. Ritchie	/s/ Chris E. Perkins
Title: President	Chris E. Perkins

EXHIBIT 10.23

SEVERANCE AND RELEASE AGREEMENT

THIS SEVERANCE AND RELEASE AGREEMENT (the "Agreement") is made and entered into this 28th day of August, 1997, to be effective as of the 31st day of August, 1997 (the "Effective Date"), by and between AGCO CORPORATION, a Delaware corporation ("AGCO"), and JEAN-PAUL RICHARD a resident of Fulton County, Georgia ("Richard"). For purposes of this Agreement, the term "AGCO" shall be deemed to include all subsidiaries and affiliates of AGCO Corporation.

RECITALS

A. AGCO and Richard are parties to an Employment and Severance Agreement, dated as of November 18, 1996 (the "Employment Agreement"); and

B. AGCO and Richard mutually desire to terminate the Employment Agreement and Richard's employment with AGCO, all subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises, the mutual promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Resignation. Contemporaneously with the execution of this Agreement, Richard shall execute and deliver to AGCO a letter of resignation substantially in the form of Exhibit A attached hereto, which provides that Richard is voluntarily resigning as an officer, director and employee of AGCO as of the Effective Date. Richard shall continue to perform his obligations as an officer, director and employee of AGCO through the Effective Date or any earlier date determined by AGCO.

2. Termination of Existing Agreements. The Employment Agreement and, except as otherwise provided in this Agreement, all other agreements and arrangements (whether written or oral) between AGCO and Richard shall be terminated as of the Effective Date, and all of such terminated agreements shall thereafter be null and void and of no further force or effect after the Effective Date.

3. Severance. As severance compensation, AGCO shall continue to pay Richard's annual base salary of Five Hundred Thousand Dollars ($500,000) from the Effective Date through November 18, 2001, in accordance with AGCO's normal payroll policies and procedures and subject to all required withholdings.

4. Benefits.

(a) Incentive Compensation. AGCO shall pay to Richard all amounts earned by Richard as incentive compensation under AGCO's Incentive Compensation Plan with respect to the full 1997 year as and when in 1998 such amounts are paid by AGCO in the ordinary course of its business, consistent with past practices, under its Incentive Compensation Plan.

(b) Health Insurance. AGCO shall continue to provide to Richard, at AGCO's expense, until November 18, 2001, the group health insurance coverage provided to him immediately prior to the Effective Date or such substitute group health insurance coverage as is provided from time to time by AGCO to its senior management executives; provided, however, that AGCO's obligations to provide and pay for such coverage shall cease if and when Richard becomes employed elsewhere and first becomes eligible for comparable group health insurance coverage at such other place of employment.

(c) Disability Insurance. Upon the written request of Richard, at Richard's expense AGCO shall continue to provide to Richard for any period ending on or prior to November 18, 2001, the disability insurance coverage provided to him immediately prior to the Effective Date; provided, however, that AGCO's obligations to provide such coverage shall cease if and when Richard becomes employed elsewhere and first becomes eligible for comparable disability insurance coverage at such other place of employment.

(d) Long Term Incentive Plans. Exhibit B attached hereto accurately reflects all shares of AGCO common stock earned by Richard pursuant to any long-term incentive plan and any director's stock plan maintained by AGCO (the "Earned Shares"), and Richard shall retain all of such Earned Shares. All of the Earned Shares which have not vested under the terms of such long-term incentive and director's stock plans prior to the Effective Date shall vest over time and in accordance with the terms of such plans as if Richard had remained employed by AGCO during such vesting period; provided, however, that any Earned Shares which are unvested shall be subject to forfeiture either (i) in the event of a material breach by Richard of any of his obligations under any of the Business Protection Covenants set forth in paragraph 7 herein or (ii) a willful failure to provide the consulting services as provided in paragraph 11 herein. In addition, as and when such Earned Shares vest, and to satisfy a portion of Richard's Federal and state income tax obligations arising therefrom, AGCO shall make cash bonus payments required under such plans consistent with its current practices with other participants. Richard shall have no further rights with respect to any shares awarded, granted or allocated to, but not yet earned by, him as of the Effective Date under any such long term incentive or director's stock plan.

(e) Split Dollar Life Insurance. The parties acknowledge that AGCO has made certain premium payments required prior to the date hereof under that certain Executive Life Insurance Program (Split Dollar) between AGCO and Richard (the "Split Dollar Program"), pursuant to which the life insurance policy scheduled on Exhibit F has been purchased. Contemporaneously with this Agreement, AGCO and Richard shall terminate and cancel such Split Dollar Program and the split dollar insurance arrangement reflected thereby. AGCO shall have the right to receive and/or retain all refunds and other payments resulting from the cancellation of the life insurance policy scheduled on Exhibit F and any other issued life insurance policies and from the termination and cancellation of the split dollar insurance arrangement; and Richard shall have no further interest in, or benefits under, such split dollar arrangement.

(f) Deferred Compensation and 401(k) Contributions. Richard shall be entitled to receive any deferred compensation accrued during his employment with AGCO and the disposition of Richard's 401(k) account with AGCO. As of the Effective Date, AGCO shall cease making any contributions to Richard's 401(k) account.

(g) No Other Benefits. Except as specifically set forth in this Agreement, all other benefits provided to Richard by AGCO pursuant to the Employment Agreement or otherwise, including, without limitation, all country club dues, automobile and aircraft privileges, shall cease as of the Effective Date.

(b) The benefits afforded to Richard under paragraph 3 and subparagraph 4(d) herein shall survive the death of Richard and shall accrue to the benefit of Richard's estate.

5. Forgiveness of Loan. In connection with a special relocation program provided by AGCO, Richard borrowed $500,000 (the "Employee Loan") from AGCO, and the Employee Loan remains unpaid and outstanding as of the date hereof. The Employee Loan is evidenced by a Promissory Note in the principal amount of $500,000, dated November 22, 1996 (the "Note"). Notwithstanding anything else contained in the Note to the contrary, the indebtedness evidenced by the Employee Loan shall be, as of the Effective Date, forgiven and canceled.

6. Purchase of Residence by AGCO: Assumption of Automobile Lease.

(a) Upon the consummation of the transactions provided for herein, AGCO and Richard shall enter into that certain Real Estate Purchase Contract (the "Sales Contract") in the form attached hereto as Exhibit C, which provides that AGCO shall purchase from Richard his residence in Memphis, Shelby County, Tennessee, which is more particularly described on an exhibit to the Sales Contract (the "Property"), for a purchase price of $716,250 (the "Purchase Price") less existing indebtedness to be assumed by AGCO of approximately $445,657, for a net purchase price of approximately $270,593. The closing under the Sales Contract shall be held at the offices of AGCO on or before 30 days subsequent to the Effective Date. At the closing under the Sales Contract, AGCO shall reimburse Richard for any amount in any escrow account (maintained to fund annual property taxes and homeowners insurance premiums) upon an irrevocable assignment to AGCO of any such escrow account. AGCO further agrees to assume the real estate agent listing contract with Judy Piovarcy, which contract has a remaining term of less than 6 months. Richard represents to AGCO that the Purchase Price represents the average of four recently obtained independent residential real estate appraisals of the Property.

(b) Upon the consummation of the transactions provided for herein, AGCO shall assign to Richard, who shall assume and agree to pay and perform, that certain Motor Vehicle Lease Agreement covering the 1996 Jeep Grand Cherokee used by Richard, the vehicle information page of such Motor Vehicle Lease Agreement being attached hereto as Exhibit D. Such assignment shall provide that AGCO shall be released from the obligations under such Motor Vehicle Lease Agreement.

7. Business Protection Covenants.

(a) Definitions. For purposes of this Agreement, the following terms shall have the following respective meanings:

(i) "Confidential Information" shall mean all valuable, proprietary and confidential information in any way relating to, belonging to or pertaining to AGCO that does not constitute a "Trade Secret" (as hereinafter defined) and that is not generally known by or available to AGCO's competitors.

(ii) "Trade Secrets" shall mean all "trade secrets" of AGCO as defined under applicable law.

(iii) "Competing Business" shall mean any business that, directly or indirectly, engages in the development, manufacture, distribution or sale of agricultural equipment or related products or parts.

(iv) "Restricted Territory" shall mean North America, South America, Europe, Africa, Asia and Australia.

(b) Non-Disclosure. Richard hereby covenants and agrees that he shall not, without the prior written consent of AGCO in each instance, use, disclose, transfer, assign, disseminate, reproduce, copy or otherwise communicate, directly or indirectly, in any way for himself or for any other person or entity: (i) any Confidential Information for a period of three (3) years after the Effective Date; or (ii) any Trade Secret at any time during which such information shall constitute a trade secret under applicable law. Richard hereby represents and warrants to AGCO that he has not, prior to the execution of this Agreement, disclosed any Confidential Information or Trade Secrets in a manner which would have constituted a breach of this Section 7(b) had it occurred after the execution hereof.

(c) Non-Competition. Richard hereby covenants and agrees that he shall not, without the prior written consent of AGCO in each instance, directly or indirectly, engage in (whether as an owner, investor, manager, operator, partner, consultant, creditor, advisor, independent contractor or otherwise) or assist any other person or entity in engaging in a Competing Business in the Restricted Territory for a period of two (2) years after the Effective Date; provided, however, that it shall not constitute a violation of this Section 7(c) for Richard to own for investment purposes only less than one percent (1%) of the issued and outstanding shares of common stock of any entity engaged in a Competing Business if such common stock is publicly traded on a national or international stock market or exchange.

(d) Non-Solicitation of Company Personnel. Richard hereby covenants and agrees that he shall not, without the prior written consent of AGCO in each instance, directly or indirectly, for a period of two (2) years after the Effective Date: (i) hire any "key" (as defined in the next sentence) employee of AGCO; or (ii) solicit or attempt to solicit any "key" employee, consultant, contractor or other personnel of AGCO to terminate, alter or lessen such party's affiliation or relationship with AGCO or to violate the terms of any agreement or understanding between such party and AGCO. For purposes of the preceding sentence, "key" employees, consultants, contractors and other personnel of AGCO are those who have access to Confidential Information or Trade Secrets.

(e) Non-Solicitation of Dealers and Customers. Richard hereby covenants and agrees that he shall not, without the prior written consent of AGCO in each instance, directly or indirectly, for a period of three (3) years after the Effective Date, solicit or attempt to solicit for or on behalf of any person or entity engaged in a Competing Business any dealer, customer or actively sought prospective dealer or customer of AGCO with whom he had significant contact within twelve (12) months prior to the Effective Date.

(f) Acknowledgement. Richard hereby acknowledges and agrees that he has sufficient skills to find alternative commensurate work in his field of expertise that would not involve a violation of this Section 7. Additionally, Richard hereby acknowledges and agrees that the covenants set forth in this Section 7 are reasonable as to time, scope, territory and otherwise given AGCO's need to protect its legitimate business interests and given the substantial benefits Richard is receiving hereunder. Richard further acknowledges and agrees that monetary damages may not be an adequate remedy for any breach of the provisions of this Section 7 and that AGCO may (in its sole discretion) apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relieve in order to enforce or prevent any violation (or threatened violation) of this Section 7. In the event any covenant or agreement contained in this Section 7 shall be determined by a court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it is the intention of the parties hereto that this Section 7 be interpreted to extend only over the maximum period of time for which it may be enforceable and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

8. Return of AGCO Property. On or before the Effective Date, Richard shall return to AGCO all AGCO property in his possession or under his control, including, without limitation, all keys to AGCO premises, the automobiles and computer equipment provided by AGCO for his use, all AGCO corporate credit cards, and all Confidential Information, Trade Secrets, and documents and files containing any non-public information regarding AGCO. In the event any additional AGCO property comes into Richard's possession or under his control after the Effective Date, he will promptly return such property to AGCO. Richard also hereby agrees to reimburse AGCO for any personal expenses charged on any AGCO corporate credit card. AGCO agrees to promptly reimburse Richard, in accordance with its current policies, for any bona fide business expenses incurred by Richard in the conduct of AGCO's business prior to the Effective Date.

9. Mutual Release. Richard hereby releases and discharges AGCO and all of AGCO's officers, directors, shareholders, employees and agents from and against any and all claims, demands, liabilities, rights, remedies, causes of action, damages and suits under any federal or state law (each a "Claim"), whether known or unknown, which Richard has, has ever

had or may ever have arising from or in any way related to Richard's employment relationship with AGCO or the termination thereof, except for the specific obligations of AGCO arising under this Agreement. AGCO hereby releases and discharges Richard from and against any and all Claims, whether know or unknown, which AGCO has, has ever had or may ever have arising from or in any way related to Richard's employment relationship with AGCO or the termination thereof, except for the specific obligations of Richard arising under this Agreement.

10. Confidentiality. Richard hereby agrees not to disclose any of the terms of this Agreement or any of the details of the negotiations thereof to any person or entity, except for his attorney, his tax advisor, financial advisor, and the members of his immediate family (provided each such individual agrees in advance to keep such information confidential), and Richard hereby represents and warrants to AGCO that he has not prior to the execution of this Agreement disclosed any of such information in a manner which would have constituted a breach of this Section 10 had it occurred after the execution hereof.

11. Consulting.

(a) AGCO agrees to engage Richard, and Richard agrees to accept such engagement in further consideration of the various payments to be made to Richard herein, as a consultant to AGCO for a period ending June 30, 2002 (the "Consulting Term"). As a consultant, Richard shall report to AGCO's chief executive of fleer and shall perform consulting services during the Consulting Term for AGCO as may be reasonably requested from time to time by AGCO's chief executive officer, with such consulting services to be principally related to providing advice with respect to the strategic development of AGCO's international non-U.S. business and the implementation of non-U.S. acquisitions. Richard shall make himself available to perform the consulting services during the Consulting Term at times to be mutually agreed upon by AGCO's chief executive officer and Richard (provided that such times shall not unreasonably interfere with Richard's employment obligations to a successor employer), and it is the understanding of the parties that such consulting services shall not exceed five (5) hours per month.

(b) In furnishing such consulting services hereunder, Richard shall not be an employee of AGCO but shall be an independent contractor; and, as such, Richard is not authorized to assume, incur or create any obligation or liability, expressed or implied, on behalf of, or in the name of, AGCO or to bind AGCO in any manner.

12. Public Statements. Richard hereby agrees that he will not make any disparaging public remarks about AGCO or any of its officers, directors or employees. AGCO hereby agrees that it will not make any disparaging public remarks about Richard. Further, attached hereto as Exhibit E is a press release which has been issued by AGCO regarding Richard's termination, which press release was submitted to Richard for his review and approval.

13. Consequence of Breach. In the event of any breach by Richard of any provision contained in Sections 7, 8, 10, 11 or 12 hereof, AGCO shall have, and may avail itself of, all appropriate and available remedies at law or in equity.

14. Notices.

(a) All notices, consents, requests and other communications hereunder shall be in writing and shall be sent by hand delivery, by certified or registered mail (return-receipt requested), or by a recognized national overnight courier service as set forth below:

If to AGCO: AGCO Corporation
4830 River Green Parkway
Duluth, Georgia 30136
Attention: Michael F. Swick, Esq.
Vice President and General Counsel

If to Richard: Jean-Paul Richard
1295 Heards Ferry Road
Atlanta, GA 30328

(b) Notices delivered pursuant to this Section 14 shall be deemed given: (i) at the time delivered, if personally delivered; (ii) at the time received, if mailed; and (iii) one (1) business day after timely delivery to the courier, if by overnight courier service.

(c) Either party hereto may change the address to which notice is to be sent by written notice to the other party in accordance with this Section 14.

15. Dispute Resolution. Except as otherwise provided in Section 7(f) hereof, all disputes arising out of or in connection with the interpretation, application or enforcement of this Agreement shall be settled by final and binding arbitration. Such arbitration shall be conducted in Atlanta, Georgia, pursuant to the commercial arbitration rules of the American Arbitration Association in effect at the time the arbitration is commenced, before a panel of three (3) arbitrators. The decision of the arbitrators, which may include interest, shall be final and binding on the parties hereto and may be entered and enforced in any court of competent jurisdiction by either party. The arbitration shall be pursued and brought to conclusion as rapidly as possible. The prevailing party in the arbitration proceeding shall be awarded reasonable attorneys' fees, expert witness costs and expenses, and all other costs and expenses incurred in connection with such proceeding, unless the arbitrators shall for good cause determine otherwise.

Acknowledged, accepted and initialed by:

/s/ J-PR	/s/ RJR
J-PR	AGCO

16. Miscellaneous.

(a) Entire Agreement. This Agreement, including all Exhibits hereto (all of which are incorporated herein by this reference), contains the entire agreement and understanding concerning the subject matter hereof between the parties hereto and specifically supersedes the Employment Agreement.

(b) Waiver; Amendment. No waiver, termination or discharge of this Agreement, or any of the terms or provisions hereof, shall be binding upon either party hereto unless confirmed in writing. No waiver by either party hereto of any term or provision of this Agreement or of any default hereunder shall affect such party's rights thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar. This Agreement may not be modified or amended except by a writing executed by both parties hereto.

(c) Severability. If any provision of this Agreement shall be held void, voidable, invalid or inoperative, no other provision of this Agreement shall be affected as a result thereof, and, accordingly, the remaining provisions of this Agreement shall remain in full force and effect as though such void, voidable, invalid or inoperative provision had not been contained herein.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

(e) Assignment. Neither party hereto may assign this Agreement, in whole or in part, without the prior written consent of the other party hereto, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

(f) Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

(g) Interpretation. This Agreement was fully negotiated by both parties hereto and shall not be construed more strongly against either party hereto regardless of which party is responsible for its preparation.

(h) Further Assurances. Upon the reasonable request of the other party, each party hereto shall take any and all actions necessary or appropriate to give effect to the terms and conditions set forth in this Agreement.

(i) Counterparts; Fax Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute the same Agreement. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Agreement, and any telecopy or other facsimile transmission of any signature shall be deemed an original and shall bind such party.

IN WITNESS WHEREOF, the undersigned have executed, or caused their respective duly authorized representatives to execute, this Agreement as of the day and year first above written to be effective as of the Effective Date.

"AGCO"

AGCO CORPORATION

By: /s/ R.J. Ratliff

Title: Chairman

RICHARD HEREBY ACKNOWLEDGES THAT HE HAS CAREFULLY READ AND FULLY UNDERSTANDS ALL THE PROVISIONS OF THIS AGREEMENT, THAT HE HAS BEEN GIVEN ADEQUATE TIME WITHIN WHICH TO CONSIDER SIGNING THIS AGREEMENT, THAT HE HAS CONSULTED WITH AN ATTORNEY REGARDING THIS AGREEMENT, AND THAT HE KNOWINGLY AND VOLUNTARILY HAS ENTERED INTO THIS AGREEMENT IN EXCHANGE FOR VALUABLE CONSIDERATION.

"Richard"

/s/ Jean-Paul Richard

Jean-Paul Richard

EXHIBIT A
FORM OF LETTER OF RESIGNATION

August _____, 1997

AGCO Corporation
4830 River Green Parkway
Duluth, Georgia 30136

Gentlemen:

I hereby resign effective as of August 31, 1997, as an officer, director and employee of, and from all other positions held in, AGCO Corporation and its subsidiaries and affiliates.

Very truly yours,

Jean-Paul Richard

EXHIBIT B

SHARES EARNED BY RICHARD UNDER LONG-TERM INCENTIVE PLANS

Thirty Thousand (30,000) shares under the Amended and Restated Long-Term Incentive Plan, and

Two Thousand Five Hundred (2,500) shares under the [directors' plan]

EXHIBIT C

FORM OF REAL ESTATE SALES CONTRACT

The parties agree to use the Memphis, Tennessee realtors board standard form of residential sales contract.

EXHIBIT D

ORIGINAL
MOTOR VEHICLE LEASE AGREEMENT

LEASE INFORMATION
MATERIAL TERMS

Parties:	Automotive Rentals, Inc. ("ARI") AGCO
Assignment:	Assignment by ARI of right, title and interest to Corestates Bank NA Agent
Date:	December 16, 1996
Vehicle:	1996 Jeep/Eagle ZJJL74 Grand Cherokee
Total Cost:	$31,376

EXHIBIT E

AGCO FOUNDER AND CHAIRMAN ROBERT RATLIFF

RESUMES ROLE OF PRESIDENT AND CEO

ATLANTA, August 29, 1997 AGCO Corporation (NYSE:AG) today announced that Robert J. Ratliff, AGCO's founder and Chairman of the Board, will play an expanded role in the management of the Company, resuming the role of President and Chief Executive Officer. Mr. Ratliff will remain Chairman of the Board.

Mr. Ratliff founded AGCO in a management buyout in 1990. Since that time, the company has grown from $200 million in sales to a global manufacturer and distributor of agricultural equipment with 1996 revenue of $2.3 billion. Mr. Ratliff has an employment contract through 2003.

J-P Richard, a member of AGCO's Board of Directors who assumed the role of President and Chief Executive Officer in November 1996, has submitted his resignation from AGCO Corporation and its board effective immediately. Mr. Ratliff stated, "J-P Richard served with distinction during his tenure as a director and executive and contributed to the achievement of profitable growth and global expansion that has marked AGCO's history".

(AGCO Corporation Description paragraph)

EXHIBIT F

JEAN PAUL RICHARD
INSURANCE SUMMARY

July, 1997

CARRIER	POLICY #	DATE	TYPE	FACE AMOUNT	PREMIUM	FREQUENCY
Life Insurance						
Mass Mutual	9 907 164	04/01/97	WL	$6,920,000	$500,000.00	Annual
Liability Insurance						
Paul Revere	1028497030	02/01/97	Disability	5,500/mo.	401.03	Monthly
MassMutual	9 576 218	04/16/97	Disability	9,500/mo.	18,002.10	Annual
Metropolitan			Group Dis.	9,500/mo.		Monthly

CARRIER	CASH VALUE	ASSIGNED	OWNER	BENEFICIARY
Life Insurance				
Mass Mutual	$314,617.70	AGCO	Trust	Trust
Liability Insurance				
Paul Revere	Benefits payable to age 65 after 180 day wait		JPR	JPR
MassMutual	Benefits payable for 5 yrs. after 180 day wait.		JPR	JPR
Metropolitan	Benefits payable to age 65 after 180 day wait.		AGCO	JPR

Exhibit 12

AGCO CORPORATION AND SUBSIDIARIES
STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
(in millions, except ratio data)

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Fixed Charges Computation:					
Interest expense	$ 69.1	$ 45.2	$ 73.3	$ 52.7	$ 17.9
Interest component of rent expense (a)	5.6	5.4	5.0	2.4	1.1
Proportionate share of fixed charges of 50%-owned affiliates	1.8	2.0	2.0	2.1	10.1
Amortization of debt costs	1.6	1.4	1.6	0.7	-
Total fixed charges	$ 78.1	$ 54.0	$ 81.9	$ 57.9	$ 29.1
Earnings Computation:					
Pretax earnings	$245.7	$171.6	$190.6	$102.3	$ 34.1
Fixed charges	78.1	54.0	81.9	57.9	29.1
Total earnings as adjusted	$323.8	$225.6	$272.5	$160.2	$ 63.2
Ratio of earnings to combined fixed charges	4.2:1	4.2:1	3.3:1	2.8:1	2.2:1

(a) The interest factor was calculated to be one-third of rental expense and is considered to be a representative interest factor.

EXHIBIT 13

SELECTED FINANCIAL DATA
(IN MILLIONS, EXCEPT PER SHARE DATA AND NUMBER OF EMPLOYEES)

YEAR ENDED DECEMBER 31,	1997(1)	1996(1)	1995(1)	1994(1)	1993(1)
OPERATING RESULTS					
Net sales	$3,224.4	$2,317.5	$2,068.4	$1,319.3	$595.7
Finance income	--	--	56.6	39.7	--
Total revenue	3,224.4	2,317.5	2,125.0	1,359.0	595.7
Gross profit(2)	666.8	470.3	440.7	276.3	125.3
Income from operations(2)(3)	319.1	211.9	220.6	119.8	47.9
Net income(3)	168.7(4)	125.9(4)	129.1	115.5(5)	34.1
Net income per common share-diluted(3)(6)	$ 2.71(4)	$ 2.20(4)	$ 2.31	$ 2.35(5)	$ 0.94
Weighted average number of common and common equivalent shares outstanding-diluted(6)	62.1	57.4	56.6	49.1	36.4
Dividends declared per common share(6)	$ 0.04	$ 0.04	$ 0.02	$ 0.013	$0.013
OTHER FINANCIAL DATA					
Working capital					
Consolidated	$ 884.3	$ 750.5	$ 485.5	$ 497.8	$340.0
Equipment operations	884.3	750.5	661.5	513.9	340.0
Total assets					
Consolidated	2,620.9	2,116.5	2,162.9	1,823.3	578.3
Equipment operations	2,620.9	2,116.5	1,628.6	1,399.5	578.3
Long-term debt					
Consolidated	727.4	567.1	568.9(7)	589.8	173.9
Equipment operations	727.4	567.1	415.9(7)	366.8	173.9
Stockholders' equity	991.6	774.6	588.9	476.7	212.2
Number of employees	10,997	7,801	5,548	5,789	2,417

(1) AGCO acquired a 50% joint venture interest in Agricredit-North America in 1993 and the Agricredit-North America operations were reflected in the Company's consolidated financial statements using the equity method of accounting for the year ended December 31, 1993. AGCO acquired the remaining 50% interest in Agricredit-North America in 1994 and accordingly reflected the Agricredit-North America operations in the Company's consolidated financial statements on a consolidated basis for the period from February 11, 1994 to December 31, 1994 and the year ended December 31, 1995. AGCO sold a 51% joint venture interest in Agricredit-North America effective November 1, 1996. Accordingly, the Company's consolidated financial statements as of and for the years ended December 31, 1996 and 1997 reflect Agricredit-North America on the equity method of accounting for the entire periods presented.

(2) Gross profit represents net sales less cost of goods sold. Income from operations represents net sales less cost of goods sold, selling, general and administrative expenses for the Equipment Operations, engineering expenses and nonrecurring expenses.

(3) These amounts include nonrecurring expenses of $18.2 million, $22.3 million, $6.0 million, $19.5 million and $14.0 million for the years ended December 31, 1997, 1996, 1995, 1994 and 1993, respectively. The effect of these nonrecurring charges reduced net income per common share, on a diluted basis, by $0.19, $0.25, $0.07, $0.33 and $0.38 for the years ended December 31, 1997, 1996, 1995, 1994 and 1993, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Charges for Nonrecurring Expenses."

(4) Includes extraordinary loss, net of taxes, of $2.1 million, or $0.03 per share, and $3.5 million, or $0.06 per share, for the write-off of unamortized debt costs related to the refinancing in January 1997 and March 1996, respectively, of the Company's revolving credit facility.

(5) These amounts include a deferred income tax benefit of $29.9 million related to the reduction of a portion of the valuation allowance. The deferred income tax benefit had the effect of increasing net income by $29.9 million and net income per common share, on a diluted basis, by $0.61.

(6) Net income per common share - diluted, weighted average number of common and common equivalent shares outstanding - diluted and dividends declared per common share have been restated for all periods to reflect all stock splits.

(7) These amounts include $37.6 million of the Company's 6.5% Convertible Subordinated Debentures. See Note 7 to the Consolidated Financial Statements.

TRADING AND DIVIDEND INFORMATION(1)

(IN DOLLARS)	HIGH	LOW	DIVIDENDS DECLARED
1997			

First Quarter	$30 3/8	$27	$.01
Second Quarter	35 1/2	25 9/16	.01
Third Quarter	35 1/8	30 11/16	.01
Fourth Quarter	32 5/8	25 9/16	.01

(IN DOLLARS)	HIGH	LOW	DIVIDENDS DECLARED
1996			
First Quarter	$28 5/8	$21 3/16	$.01
Second Quarter	31 5/8	22	.01
Third Quarter	27 7/8	19 1/4	.01
Fourth Quarter	29 3/8	23 3/4	.01

(1) The Company's stock trades on the New York Stock Exchange under the symbol AG. As of February 27, 1998, there were approximately 693 stockholders of record.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

General

During the periods discussed below, the Company's results of operations were significantly affected by a series of acquisitions that expanded the size and geographic scope of its distribution network, enabled it to offer new products and increased its manufacturing capacity. Primarily as a result of these acquisitions, revenues increased from $2,125.0 million in 1995 to $3,224.4 million in 1997. The results of operations for the years ended December 31, 1995, 1996 and 1997 were affected by the following transactions completed by the Company:

- - In March 1995, the Company further expanded its product offerings through its acquisition of AgEquipment Group, a manufacturer and distributor of farm implements and tillage equipment (the "AgEquipment Acquisition"), and its agreement to become the exclusive distributor of Landini tractors in the United States and Canada (the "Landini Distribution Agreement").

- - In June 1996, the Company acquired the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Acquisition"), which expanded its product offerings and its distribution network in South America, particularly in Brazil.

- - In July 1996, the Company acquired certain assets of Western Combine Corporation and Portage Manufacturing, Inc., which were the Company's suppliers of Massey Ferguson combines and other harvesting equipment sold in North America (the "Western Combine Acquisition"). The Western Combine Acquisition provided the Company with access to advanced technology and increased the Company's profit margin on certain combines and harvesting equipment sold in North America.

- - In November 1996, the Company sold a 51% interest in Agricredit Acceptance Company ("Agricredit-North America"), the Company's retail finance subsidiary in North America, to a wholly-owned subsidiary of Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank") (the "Agricredit Sale"). The Company retained a 49% interest in Agricredit-North America and now operates the finance company with Rabobank as a joint venture (the "Agricredit-North America Joint Venture"). The Agricredit-North America Joint Venture has continued the business of Agricredit-North America and seeks to build a broader asset-based finance business through the addition of other lines of business. The Company's benefits from the transaction also include deleveraging the consolidated balance sheet by approximately $550.0 million and the redeployment of approximately $44.3 million of capital.

- - In December 1996, the Company further enhanced its market presence in Argentina and South America by acquiring the operations of Deutz Argentina S.A. ("Deutz Argentina"), a manufacturer and distributor of agricultural equipment, engines and trucks to Argentina and other markets in South America (the "Deutz Argentina Acquisition").

- - In January 1997, the Company acquired the operations of Xaver Fendt GmbH & Co. KG ("Fendt"), a manufacturer and distributor of tractors, primarily in Germany and throughout Europe and Australia (the "Fendt Acquisition"). The Fendt Acquisition added a new line of tractors to the Company's product offerings and expanded the Company's market presence in Germany and throughout Europe and Australia. In December 1997, the Company sold Fendt's caravan and motor home business in order to focus on its core agricultural equipment business.

- - In December 1997, the Company acquired the remaining 68% of Dronningborg Industries a/s (the "Dronningborg Acquisition"), the Company's supplier of combine harvesters sold under the Massey Ferguson brand name in Europe. The Company previously owned 32% of this combine manufacturer which developed and manufactured combine harvesters exclusively for AGCO. The Dronningborg Acquisition is expected to enable the Company to achieve certain synergies within its worldwide combine manufacturing and will give AGCO the opportunity to generate margin improvement on combines sold primarily in Europe.

- - In December 1997, the Company sold 50% of Deutz Argentina's engine production and distribution business to Deutz AG, a global supplier of diesel engines. This joint venture will allow the Company to share in research and development costs and gain access to advanced technology.

As a result of these transactions, the historical results of the Company are not comparable from year to year in the periods presented and may not be indicative of future performance.

RESULTS OF OPERATIONS

Sales are recorded by the Company when equipment and replacement parts are shipped by the Company to its independent dealers, distributors or other customers. To the extent possible, the Company attempts to ship products to its dealers and distributors on a level basis throughout the year to reduce the effect of seasonal demands on its manufacturing operations and to minimize its investment in inventory. Retail sales by dealers to farmers are highly seasonal and are a function of the timing of the planting and harvesting seasons. In certain markets, particularly in North America, there is often a time lag, generally from one to twelve months, between the date the Company records a sale and the date a dealer sells the equipment to a farmer. During this time lag between the wholesale and retail sale, dealers may not return equipment to the Company unless the Company terminates a dealer's contract or agrees to accept returned products. Commissions payable under the Company's salesman incentive programs are paid at the time of retail sale, as opposed to when products are sold to dealers.

Effective November 1, 1996, the Company completed the Agricredit Sale. Accordingly, the Company's consolidated financial statements as of and for the years ended December 31, 1997 and 1996 reflect Agricredit-North America on the equity method of accounting for the entire periods presented. The consolidated financial statements for the year ended December 31, 1995 reflect Agricredit-North America on a consolidated basis with the Company's other majority-owned subsidiaries. As a result of the change in the basis of presentation, the historical results of the Company are not comparable from year to year.

For the year ended December 31, 1995, the consolidated financial statements include, on a separate, supplemental basis, the

Company's Equipment Operations, and its Finance Company. "Equipment Operations" reflect the consolidation of all operations of the Company and its majority-owned subsidiaries with the exception of Agricredit-North America, which is included using the equity method of accounting. The results of operations of Agricredit-North America are included under the caption "Finance Company."

The following table sets forth, for the periods indicated, the percentage relationship to revenues of certain items included in the Company's Consolidated Statements of Income:

	YEAR ENDED DECEMBER 31,		
	1997	1996	1995
Revenues:			
Net sales	100.0%	100.0%	97.3%
Finance income	--	--	2.7
	100.0	100.0	100.0
Costs and Expenses:			
Cost of goods sold(1)	79.3	79.7	76.6
Selling, general and administrative expenses	8.5	9.0	9.6
Engineering expenses	1.7	1.2	1.1
Interest expense, net	1.7	1.4	3.0
Other expense, net	0.6	0.3	0.4
Nonrecurring expenses	0.6	1.0	0.3
	92.4	92.6	91.0
Income before income taxes, equity in net earnings of unconsolidated affiliates and extraordinary loss	7.6	7.4	9.0
Provision for income taxes	2.7	2.6	3.1
Income before equity in net earnings of unconsolidated affiliates and extraordinary loss	4.9	4.8	5.9
Equity in net earnings of unconsolidated affiliates	0.4	0.8	0.2
Income before extraordinary loss	5.3	5.6	6.1
Extraordinary loss, net of taxes	(0.1)	(0.2)	--
Net income	5.2%	5.4%	6.1%

(1) Cost of goods sold as a percent of net sales for the years ended December 31, 1997, 1996 and 1995 was 79.3%, 79.7%, and 78.7%, respectively. Gross profit, which is defined as net sales less cost of goods sold, was 20.7%, 20.3% and 21.3% for the years ended December 31, 1997, 1996 and 1995, respectively.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

The Company recorded net income for the year ended December 31, 1997 of $168.7 million compared to $125.9 million for the year ended December 31, 1996. Net income per common share on a diluted basis was $2.71 for 1997 compared to $2.20 for 1996. Net income for 1997 included nonrecurring expenses of $18.2 million, or $0.19 per share on a diluted basis, primarily related to the restructuring of the Company's European operations which were acquired in the purchase of Massey Ferguson Group Limited in June 1994 (the "Massey Acquisition"), the integration of the Deutz Argentina and Fendt operations, acquired in December 1996 and January 1997, respectively, and executive severance costs (see "Charges for Nonrecurring Expenses"). In addition, net income for 1997 included an extraordinary after-tax charge of $2.1 million, or $0.03 per share on a diluted basis, for the write-off of unamortized debt costs related to the refinancing of the Company's March 1996 Credit Facility (see "Liquidity and Capital Resources"). Net income for 1996 included nonrecurring expenses of $22.3 million, or $0.25 per share on a diluted basis, primarily related to the restructuring of the Company's European operations, the integration and restructuring of the Company's Brazilian operations acquired in the Maxion Acquisition in June 1996 and executive severance costs (see "Charges for Nonrecurring Expenses"). In addition, net income for 1996 included an extraordinary after-tax charge of $3.5 million, or $0.06 per share on a diluted basis, for the write-off of unamortized debt costs related to the refinancing of the Company's $550.0 million secured revolving credit facility which was refinanced with the March 1996 Credit Facility and a gain on the Agricredit Sale of $4.7 million, or $0.05 per share on a diluted basis. The Company's improved results for the year ended December 31, 1997 primarily reflected the positive impact of the Fendt Acquisition completed in January 1997 and improved operating margins, particularly in the Company's South American operations, partially offset by the negative currency translation effect of the strengthening dollar against most European currencies.

RETAIL SALES

Conditions in the United States and Canadian agricultural markets were favorable in 1997 compared to 1996. Industry unit retail sales of tractors, combines and hay and forage equipment for 1997 increased approximately 12%, 9% and 8%, respectively, over 1996. The Company believes general market conditions were positive due to favorable economic conditions relating to high net cash farm incomes, stable commodity prices and strong domestic and export demand. Company unit retail sales of tractors in the United States and Canada increased 5% in 1997 compared to 1996 and were negatively impacted by a change in the timing of the Massey Ferguson volume bonus plan from January 1997 to December 1996. Company unit retail sales of combines in the United States and Canada for 1997 were flat compared to 1996. Company hay and forage equipment retail sales increased in line with the industry compared to the prior year primarily due to new products and improvements in the dairy and cattle industry. The Company believes that aggressive competitor pricing and the introduction of certain new products contributed to the strong industry growth while the Company maintained its focus on improved profit margins.

Industry conditions in Western Europe showed mixed results in 1997 with unit retail sales of tractors decreasing approximately 3% compared to 1996 primarily due to the declining markets in the U.K., France and Germany. The industry decline was partially due to farm consolidation in Western Europe and the relatively strong retail sales of tractors in 1996. Company unit retail sales of tractors in Western Europe, including sales of Fendt tractors in both periods, decreased in line with the industry compared to 1996. In addition to the industry conditions, the strength of the British pound against other European currencies also had a negative impact on sales and gross margins of the Company's tractors produced in the U.K.

Industry unit retail sales of tractors in South America increased approximately 35% compared to the prior year. This increase was primarily due to a recovery in Brazil resulting from increasingly favorable economic conditions and reduced farm debt levels. Company retail unit sales of tractors in South America increased approximately 25% and were negatively impacted by competitor discounting which the Company chose not to match. In other international markets, Company retail unit sales of tractors increased approximately 11%, consistent with the industry.

REVENUES

Net sales for 1997 increased 39.1% to $3,224.4 million compared to $2,317.5 million for 1996. The increase was primarily the result of the Company's recent acquisitions, however, net sales were negatively impacted by the currency translation effect of the strengthening dollar against most European currencies. Net sales for 1997 were approximately $181.0 million lower than they would have been at 1996 foreign exchange rates. On a regional basis in 1997, the Company experienced increased net sales of $94.0 million, or 11% over 1996, in North America primarily due to the strong industry conditions and introduction of new products. The Company achieved net sales increases in Western Europe of $541.4 million, or 55% over 1996, primarily resulting from the Fendt Acquisition, which was acquired effective January 1, 1997. In South America, the Company achieved net sales increases of $234.1 million, or 234% over 1996, primarily related to the impact of acquired operations in Brazil and Argentina, acquired in June 1996 and December 1996, respectively. In the remaining international markets, the Company achieved net sales increases of $37.4 million, or 10% over 1996, primarily related to increased sales in Eastern Europe and the Middle East.

COSTS AND EXPENSES

Cost of good sold was $2,557.6 million (79.3% of net sales) for 1997 compared to $1,847.2 million (79.7% of net sales) for 1996. Gross profit, defined as net sales less cost of goods sold, was $666.8 million (20.7% of net sales) for 1997 as compared to $470.3 million (20.3% of net sales) for 1996. Gross margins were favorably impacted by gross margin improvements due to cost reduction efforts, particularly in the Company's South American operations, partially offset by the negative effect of foreign exchange related to the Company's products sourced from the U.K. resulting from the strength of the British pound.

Selling, general and administrative expenses were $275.4 million (8.5% of net sales) for 1997 compared to $208.4 million (9.0% of net sales) for 1996. The decrease in selling, general and administrative expenses as a percentage of net sales compared to 1996 was primarily due to a decrease in the amortization of stock-based compensation expense of $5.2 million related to the Company's long-term incentive plan, which is tied to stock price appreciation. Excluding the amortization expense related to the long-term incentive plan, selling, general and administrative expenses were $260.5 million (8.1% of net sales) in 1997 compared to $188.3 million (8.1% of net sales) in 1996. Selling, general and administrative expenses as a percentage of net sales in 1997 were flat compared to 1996 primarily due to cost reduction initiatives in the Company's European operations offset by increased marketing expenses related to new product introductions. The cost reduction efforts involved the centralization of certain selling, general and administrative functions. See "Charges for Nonrecurring Expenses" for further discussion.

Engineering expenses were $54.1 million (1.7% of net sales) for 1997 compared to $27.7 million (1.2% of net sales) for 1996. The increase in engineering expenses as a percentage of net sales compared to 1996 primarily related to the higher level of engineering expenses in the newly acquired Fendt operations relative to the Company's other operations.

Interest expense, net was $53.5 million for 1997 compared to $32.7 million for 1996. The increase in interest expense, net was primarily due to the additional borrowings associated with the financing of the Maxion, Deutz Argentina and Fendt Acquisitions. The increased interest expense related to acquisition indebtedness was partially offset by proceeds from the Company's offering of 5.2 million shares of common stock in March 1997. See "Liquidity and Capital Resources" for further discussion of the stock offering.

Other expense, net was $19.9 million for 1997 compared to $7.6 million for 1996. The increase in other expense, net was primarily due to increased amortization of intangible assets resulting from the Maxion, Deutz Argentina and Fendt Acquisitions and a gain of $4.7 million recorded in 1996 for the Agricredit Sale.

Nonrecurring expenses were $18.2 million in 1997 compared to $22.3 million in 1996. The nonrecurring charge recorded in 1997 related to the restructuring of the Company's European operations, the integration of the Deutz Argentina and Fendt operations, acquired in December 1996 and January 1997, respectively, and executive severance costs. The 1996 nonrecurring charge primarily related to the restructuring of the Company's European operations, the integration and restructuring of the Company's Brazilian operations, acquired in the Maxion Acquisition in June 1996, and executive severance costs. See "Charges for Nonrecurring Expenses" for further discussion.

The Company recorded a net income tax provision of $87.5 million for 1997 compared to $59.9 million for 1996. In 1997 and 1996, the Company's income tax provision approximated statutory rates, although actual income tax payments remained at rates below statutory rates. The Company's effective tax rate increased slightly in 1997 compared to 1996 due to a change in the mix of income to jurisdictions with higher tax rates. At December 31, 1997, the Company had net operating loss carryforwards totaling $140.0 million, primarily in Brazil and Argentina.

Equity in net earnings of unconsolidated subsidiary and affiliates was $12.6 million in 1997 compared to $17.7 million in 1996. The decrease in equity in net earnings of unconsolidated subsidiary and affiliates was primarily due to a decrease in net income recognized relating to Agricredit-North America. As a result of the Agricredit Sale in November 1996, the Company recognized only

49% of net income of the North American retail finance company in 1997 compared to 100% through October 31, 1996.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO
YEAR ENDED DECEMBER 31, 1995

NET INCOME

The Company recorded net income for the year ended December 31, 1996 of $125.9 million compared to $129.1 million for the year ended December 31, 1995. Net income per common share on a diluted basis was $2.20 for 1996 compared to $2.31 for 1995. Net income for 1996 included nonrecurring expenses of $22.3 million, or $0.25 per share on a diluted basis, primarily related to the restructuring of the Company's European operations, acquired in the Massey Acquisition in June 1994, the integration and restructuring of the Company's Brazilian operations, acquired in the Maxion Acquisition in June 1996 and executive severance costs (see "Charges for Nonrecurring Expenses"). In addition, net income for 1996 included an extraordinary after-tax charge of $3.5 million, or $0.06 per share on a diluted basis, for the write-off of unamortized debt costs related to the refinancing of the Company's $550.0 million secured revolving credit facility which was refinanced with the March 1996 Credit Facility and a gain on the Agricredit Sale of $4.7 million, or $0.05 per share on a diluted basis. Net income for 1995 included nonrecurring expenses of $6.0 million, or $0.07 per share on a diluted basis, associated with the initial integration of the Massey Acquisition (see "Charges for Nonrecurring Expenses"). The Company's results for the year ended December 31, 1996 were also negatively impacted by losses, including the related financing costs, in the newly acquired Brazilian operations as a result of the poor industry conditions experienced in the region. Excluding the items discussed above, the Company's results of operations were improved over 1995, primarily the result of sales growth in existing markets.

RETAIL SALES

Conditions in the United States and Canadian agricultural markets were favorable in 1996 compared to 1995. Industry unit retail sales of tractors, combines and hay and forage equipment for 1996 increased approximately 7%, 6% and 2%, respectively, over 1995. The Company believes general market conditions were positive due to favorable economic conditions relating to high net cash farm incomes, strong commodity prices and increased export demand. Company unit retail sales of tractors in the United States and Canada were slightly above the industry in 1996 compared to 1995. The increase in tractor settlements was attributable to the favorable industry conditions and the impact of the Company's expanded dealer network, which resulted primarily from dealers entering into crossover contracts whereby an existing dealer carrying one of the Company's brands contracts to sell an additional AGCO brand. In addition, the Company has benefited from the successful acceptance of improved tractor product offerings, including the new Massey Ferguson high horsepower tractors which were introduced in the middle of 1995. Company unit retail sales of combines in the United States and Canada for 1996 increased 24% compared to 1995 primarily due to the Company's increased sales to contract harvesters and dealer development activities which strengthened the Company's dealer network for combines. Company hay and forage equipment retail sales increased in line with the industry.

Industry conditions in Western Europe were favorable in 1996 with retail sales of tractors increasing approximately 12% compared to 1995 primarily due to higher net cash farm incomes, improved economic conditions, strong commodity prices and increased export demand. Retail sales of Massey Ferguson tractors in Western Europe increased approximately 15% over 1995 with the most significant market share increases in France, Spain and Scandinavia, primarily due to the Company's focus on dealer development. Outside North America and Western Europe, industry retail sales of tractors also showed gains in most markets where the Company competes due to a general improvement in economic conditions. Retail sales of Massey Ferguson tractors increased in these markets with significant growth in the Middle East, Africa, East Asia/Pacific and Australia compared to 1995, primarily due to improved market conditions and the Company's strong distribution channels in these regions. Company retail sales of tractors in Brazil were affected by industry conditions in Brazil which remained depressed throughout 1996 relative to historic volumes due to high farm debt levels and the suspension and subsequent reinstatement of Brazilian Central Bank loan programs.

REVENUES

Net sales for 1996 increased 12.0% to $2,317.5 million compared to $2,068.4 million for 1995 for the Company's Equipment Operations. A portion of the increase was the result of the Company's sales of $85.1 million in Brazil for the six months ended December 31, 1996 resulting from the Maxion Acquisition. The Company achieved net sales increases in 1996 in Western Europe of $63.8 million, or 7% over 1995. In the remaining international markets, the Company achieved net sales increases of $63.2 million, or 19% over 1995. The increase in Western Europe and other international markets primarily related to increased sales of tractors due to the Company's favorable retail sales performance and increased sales of combines and other non-tractor products resulting from the Company's successful efforts to expand non-tractor sales in all international markets. The Company also experienced increased net sales of $37.0 million, or 4% over 1995, in North America primarily due to a 17% increase in the Company's North American retail dollar sales compared to 1995. Total revenues on a consolidated basis for 1995 also included finance income of $56.6 million associated with the operations of Agricredit-North America.

COSTS AND EXPENSES

Cost of good sold was $1,847.2 million (79.7% of net sales) for 1996 compared to $1,627.7 million (78.7% of net sales) for 1995 for the Company's Equipment Operations. Gross profit, defined as net sales less cost of goods sold, was $470.3 million (20.3% of net sales) for 1996 as compared to $440.7 million

(21.3% of net sales) for 1995. Gross margins in 1996 were negatively impacted by the

Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

following: (1) lower margins related to the Brazilian operations acquired in the Maxion Acquisition due to low volumes related to depressed industry conditions and (2) a change in the mix of products sold, particularly due to a lower mix of high margin North American replacement parts, a shift in North American sales from higher margin utility tractors (under 100 horsepower) to high horsepower tractors (over 100 horsepower) and increased sales of combines in Europe, which have lower than average margins.

Selling, general and administrative expenses were $208.4 million (9.0% of net sales) for 1996 compared to $190.0 million (9.2% of net sales) for 1995 for the Company's Equipment Operations. The increase in selling, general and administrative expenses was primarily due to an increase in sales volume and an increase in the amortization of stock-based compensation expense of $10.1 million compared to 1995 related to the Company's long-term incentive plan which is tied to stock price appreciation. Excluding the amortization expense related to the long-term incentive plan, selling, general and administrative expenses were $188.3 million (8.1% of net sales) for 1996 and $180.0 million (8.7% of net sales) for 1995 for the Company's Equipment Operations. The decrease in selling, general and administrative expenses as a percentage of net sales was primarily due to cost reduction initiatives in the Company's European operations. In connection with the Massey Acquisition, the Company implemented a restructuring plan which has eliminated duplicate costs by centralizing certain sales, marketing and administrative functions. See "Charges for Nonrecurring Expenses" for further discussion. On a consolidated basis for 1995, selling, general and administrative expenses were $203.8 million, which included $13.8 million related to the operations of Agricredit-North America.

Engineering expenses were $27.7 million (1.2% of net sales) for 1996 compared to $24.1 million (1.2% of net sales) for 1995 for the Company's Equipment Operations. The increase in engineering expenses compared to 1995 primarily related to the development of new products including a new Massey Ferguson utility tractor line introduced in 1997.

Interest expense, net was $32.7 million for 1996 compared to $31.5 million for 1995 for the Company's Equipment Operations. The increase in interest expense, net was primarily due to the additional borrowings associated with the financing of the Maxion Acquisition and higher fixed interest rates associated with the 8 1/2% Senior Subordinated Notes which were issued in March 1996 as compared to the floating rates on the Company's revolving credit facility. The Company financed the entire purchase price for the Maxion Acquisition with additional indebtedness. On a consolidated basis, interest expense, net was $63.2 million for 1995, which included $31.7 million relating to the operations of Agricredit-North America.

Other expense, net was $7.6 million for 1996 compared to $9.6 million for 1995. The decrease in other expense, net was primarily due to the gain recorded on the Agricredit Sale in 1996 and foreign exchange gains recorded in 1996 compared to foreign exchange losses in 1995 related to the Company's international operations. The decrease in other expense, net was partially offset by increased amortization of intangible assets resulting from the Maxion and Western Combine Acquisitions.

Nonrecurring expenses were $22.3 million in 1996 compared to $6.0 million in 1995. The nonrecurring charge recorded in 1996 related to the restructuring of the Company's European operations, the integration and restructuring of the Brazilian operations, acquired in the Maxion Acquisition in June 1996 and executive severance costs. The 1995 nonrecurring charge primarily related to the initial integration and restructuring of the Company's European operations. See "Charges for Nonrecurring Expenses" for further discussion.

The Company recorded a net income tax provision of $59.9 million for 1996 compared to $61.6 million for 1995 for the Company's Equipment Operations. On a consolidated basis for 1995, the Company recorded an income tax provision of $65.9 million, which included $4.3 million related to the operations of Agricredit-North America. In 1996 and 1995, the Company's income tax provision approximated statutory rates, although actual income tax payments remained at rates below statutory rates resulting from the utilization of net operating loss carryforwards acquired in the Massey Acquisition.

Equity in net earnings of unconsolidated subsidiary and affiliates was $17.7 million in 1996 compared to $11.2 million in 1995 for the Company's Equipment Operations. The increase in equity in net earnings of unconsolidated subsidiary and affiliates was primarily due to an increase in the Company's pro-rata share in net earnings of Agricredit-North America from $6.8 million in 1995 to $10.4 million in 1996 despite the Company recognizing only 49% of the equity in net earnings of Agricredit-North America from November 1, 1996 to December 31, 1996 as a result of the Agricredit Sale. In addition, the increase in equity in net earnings of unconsolidated subsidiary and affiliates related to the Company's pro-rata share in net earnings of certain equity investments in the European operations, including its 49% interest in its retail finance joint ventures in the United Kingdom, France and Germany. On a consolidated basis, equity in net earnings of unconsolidated subsidiary and affiliates for 1995 was $4.4 million due to Agricredit-North America being presented on a consolidated basis rather than the equity method of accounting.

QUARTERLY RESULTS

To the extent possible, the Company attempts to ship products to its dealers on a level basis throughout the year to reduce the effect of seasonal demands on its manufacturing operations and to minimize investments in inventory. However, retail sales of agricultural equipment are highly seasonal, with farmers traditionally purchasing agricultural equipment in the spring and fall in conjunction with the major planting and harvesting seasons. The Company's net sales and income from operations have historically been the lowest in the first quarter and have increased in subsequent quarters as dealers increase inventory in anticipation of increased retail sales in the third and fourth quarters.

The following table presents unaudited interim operating results of the Company. The Company believes that the following information includes all adjustments (consisting only of normal, recurring adjustments) that the Company considers necessary for a fair presentation, in accordance with generally accepted accounting principles. The operating results for any interim period are not necessarily indicative of results for any future interim period or the entire fiscal year.

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(in millions, except per share data)			
1997:				
Net sales	$704.3	$871.9	$759.5	$888.7
Gross profit(1)	134.3	175.8	169.5	187.2
Income from operations(1)(3)	56.6	89.2	82.4	90.9
Income before extraordinary loss(3)	27.8	48.8	44.2	50.0
Net income(3)	25.7(4)	48.8	44.2	50.0
Net income per common share before extraordinary loss - diluted(3)	0.47(4)	0.77	0.70	0.79
1996:(2)				
Net sales	$453.9	$584.7	$588.8	$690.1
Gross profit(1)	93.8	115.8	123.5	137.2
Income from operations(1)(3)	34.6	59.6	54.0	63.7
Income before extraordinary loss(3)	20.6	37.5	31.3	40.0(5)
Net income(3)	17.1(4)	37.5	31.3	40.0(5)
Net income per common share before extraordinary loss - diluted(3)	0.37(4)	0.66	0.54	0.69(5)

(1) Gross profit is defined as net sales less cost of goods sold, and income from operations is defined as net sales less cost of goods sold, selling, general and administrative expenses, engineering expenses and nonrecurring expenses.

(2) As a result of the Agricredit Sale, the 1996 operating results are restated for each quarter presented to reflect Agricredit-North America on the equity method of accounting.

(3) The 1997 operating results include nonrecurring expenses of $2.6 million, or $0.03 per share, for the three months ended March 31, 1997, $5.2 million, or $0.05 per share, for the three months ended June 30, 1997, $4.9 million, or $0.05 per share, for the three months ended September 30, 1997 and $5.5 million, or $0.06 per share, for the three months ended December 31, 1997. The 1996 operating results include nonrecurring expenses of $5.9 million, or $0.07 per share, for the three months ended March 31, 1996, $0.8 million, or $0.01 per share, for the three months ended June 30, 1996, $6.2 million, or $0.07 per share, for the three months ended September 30, 1996 and $9.4 million, or $0.10 per share, for the three months ended December 31, 1996.

(4) The 1997 operating results include an extraordinary after-tax charge of $2.1 million, or $0.03 per share, for the write-off of unamortized debt costs related to the refinancing of the Company's March 1996 Credit Facility for the three months ended March 31, 1997. The 1996 operating results include an extraordinary after-tax charge of $3.5 million, or $0.06 per share, for the write-off of unamortized debt costs related to the refinancing of the Company's $550.0 million secured revolving credit facility for the three months ended March 31, 1996.

(5) The 1996 operating results include a gain on the sale of a 51% interest in Agricredit-North America of $4.7 million, or $0.05 per share, for the three months ended December 31, 1996.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financing requirements are subject to variations due to seasonal changes in inventory and dealer receivable levels. Internally generated funds are supplemented when necessary from external sources, primarily the Company's revolving credit facility.

In January 1997, the Company replaced its $650.0 million unsecured revolving credit facility (the "March 1996 Credit Facility") with a new $1.2 billion unsecured revolving credit facility (the "January 1997 Credit Facility"). The January 1997 Credit Facility is the Company's primary source of financing. In March 1997, the lending commitment for the January 1997 Credit Facility was reduced by $141.2 million which represented the proceeds to the Company, net of underwriting discounts, from the Company's common stock offering. Lending commitments under the January 1997 Credit Facility reduce from the current commitment of $1.06 billion as of December 31, 1997 to $1.0 billion on January 1, 1999. In addition, borrowings under the January 1997 Credit Facility may not exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. As of December 31, 1997, approximately $460.7 million was outstanding under the January 1997 Credit Facility and available borrowings were approximately $596.2 million. Total long-term debt for the Company increased from $567.1 million at December 31, 1996 to $727.4 million at December 31, 1997. The increase in long-term debt was due to the financing of the Fendt and Dronningborg Acquisitions, partially offset by the March 1997 common stock offering and the use of operating cash flow to repay indebtedness.

In March 1997, the Company completed a public offering of 5.2 million shares of its common stock (the "Offering"). The net proceeds to the Company from the Offering were approximately $140.4 million after deduction of underwriting discounts and commissions and other expenses. The Company used the proceeds from the Offering to reduce a portion of the borrowings outstanding under the January 1997 Credit Facility.

In March 1996, the Company issued $250.0 million of 8 1/2% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount. The net proceeds from the sale of the Notes were used to repay outstanding indebtedness. The sale of the Notes provided the Company with subordinated capital and replaced a portion of its floating rate debt with longer term fixed rate debt.

The Company's working capital requirements for its Equipment Operations are seasonal, with investments in working capital typically building in the first half of the year and then reducing in the second half of the year. As of December 31, 1997, the Company's Equipment Operations had $884.3 million of working capital compared to $750.5 million as of December 31, 1996 and $661.5 million as of December 31, 1995. The increase in working capital in 1997 compared to 1996 was primarily due to working capital acquired in the Fendt Acquisition. The increase in working capital in 1996 compared to 1995 was primarily due to working capital acquired in the Maxion and Deutz Argentina Acquisitions.

Cash flow provided by operating activities was $100.0 million for 1997, $206.7 million for 1996 and $67.1 million for 1995. The operating cash flow for 1996 was impacted favorably by the collection in 1996 of unusually high accounts receivable levels at December 31, 1995. The 1995 international receivables were unusually high due to the timing of shipments of tractors in Western Europe which were delayed until the fourth quarter of 1995 due to tire supply shortages resulting from a labor strike of a major supplier. While this impacted the Company's cash flow at that time, the Company has alternative sources of supply and adequate borrowing availability should a similar situation occur in the future. Excluding this impact, cash flow provided by operating activities for 1997 was lower compared to 1996 primarily due to (i) increases in inventory compared to the prior year partially caused by higher inventory levels related to the recent introduction of new tractors sourced from the Company's U.K. and France production facilities and (ii) increased accounts receivable related to sales growth in certain markets that require longer than average payment terms. Cash flow provided by operating activities for 1996 was also higher compared to 1995 due to strong retail sales in North America during 1996 which resulted in lower levels of dealer inventories relative to sales in 1996 compared to 1995.

Capital expenditures were $72.1 million in 1997 compared to $45.2 million in 1996 and $45.3 million in 1995. For all years, the Company's capital expenditures related to the development of new and existing products as well as the maintenance and improvement of existing facilities. The increase in capital expenditures in 1997 compared to 1996 and 1995 was due primarily to capital expenditures at Fendt. The Company currently estimates that aggregate capital expenditures for 1998 will range from approximately $65 million to $75 million and will primarily be used to support the development and enhancement of new and existing products. The capital expenditures for 1998 are expected to be funded with cash flows from operations.

The Company's debt to capitalization ratio was 42.3% at both December 31, 1997 and 1996. The Company offset additional indebtedness used to fund the Fendt and Dronningborg Acquisitions with increases in equity from the Offering and strong earnings in 1997.

In December 1997, the Company's Board of Directors authorized the repurchase of up to $150.0 million of its outstanding common stock. The purchases will be made through open market transactions, and the timing and actual number of shares purchased will depend on various factors, such as price and other market conditions.

The Company believes that available borrowings under the January 1997 Credit Facility, available cash and internally generated funds will be sufficient to support its working capital, capital expenditures, and debt service requirements for the foreseeable future.

The Company from time to time reviews and will continue to review acquisition and joint venture opportunities as well as changes in the capital markets. If the Company were to consummate a significant acquisition or elect to take advantage of favorable opportunities in the capital markets, the Company may supplement availability or revise the terms under its credit facilities or complete public or private offerings of equity or debt securities.

CHARGES FOR NONRECURRING EXPENSES

In 1997, the Company recorded nonrecurring expenses of $18.2 million which consisted of (i) $15.0 million related to the restructuring of the Company's European operations and the integration of the Deutz Argentina and Fendt operations, acquired in December 1996 and January 1997, respectively, and (ii) $3.2 million related to executive severance. The costs associated with the restructuring and integration activities primarily related to the centralization and rationalization of certain manufacturing, selling and administrative functions in addition to the rationalization of a small portion of the Company's European dealer network. These restructuring and integration activities are expected to result in cost savings related to manufacturing costs and selling, general and administrative expenses. In addition, the European dealer rationalization is expected to improve sales in certain markets. While the Company believes that the cost savings and sales improvements can be attained, there can be no assurance that all objectives will be achieved.

In 1996, the Company recorded nonrecurring expenses of $22.3 million which consisted of (i) $15.0 million related to the restructuring of the Company's European operations and the integration and restructuring of the Company's Brazilian operations, acquired in the Maxion Acquisition in June 1996, and (ii) $7.3 million related to executive severance. The European restructuring costs are primarily related to the centralization of certain parts warehousing, administrative, sales and marketing functions. As a result of these actions, the Company achieved savings in reduced selling, general and administrative expenses primarily relating to the Company's parts warehousing, finance, dealer communications, sales and marketing functions. The Brazilian integration costs are primarily related to the rationalization of manufacturing, sales and administrative functions designed to resize the operations to current sales and production volumes. The Company achieved savings from the integration and restructuring of the Brazilian operations resulting primarily in reduced selling, general and administrative expenses and product cost reductions.

In 1995, the Company recorded nonrecurring expenses of $6.0 million as a portion of the costs related to the initial centralization and rationalization of the Company's European operations' administrative, sales and marketing functions. Prior to the Massey Acquisition in June 1994, these operations were organized in a decentralized business unit structure. The Company's restructuring plan has centralized many functions duplicated under the previous organization. This restructuring has resulted in a reduction in personnel and the elimination of administrative offices, thereby eliminating excessive costs and redundancies in future periods.

OUTLOOK

The Company's operations are subject to the cyclical nature of the agricultural industry. Sales of the Company's equipment have been and are expected to continue to be affected by changes in net cash farm income, farm land values, weather conditions, the demand for agricultural commodities and general economic conditions.

Overall, industry conditions support a stable outlook for worldwide sales of agricultural equipment expenditures in 1998. In

North America, as a result of relatively low worldwide grain stocks, stable commodity prices, and solid forecasted domestic and export demand, net cash farm income should remain at high levels and enable farmers to make necessary purchases of equipment in 1998. In Western Europe, farmers also benefited from strong worldwide demand and low grain stocks. Changing farm legislation toward a more open trade environment and less government support is contributing to consolidation to fewer but larger farms. This consolidation will contribute to a slow, modest decline in agricultural equipment sales, but is expected to be offset, to some extent, by increased sales of more expensive higher horsepower equipment to support larger farms. In South America, a large commodity exporter, the agricultural economy has been supported by worldwide demand. However, economic uncertainty in Brazil may impact further sales growth of equipment in 1998. In general, outside of North America, Western Europe and South America, continued general economic improvement, the increasing affluence of the population in certain developing countries and the increased availability of funding sources should positively support equipment demand; however, the weak market conditions resulting from the Asian economic crisis will likely result in a decline in near-term capital investment, particularly in the Asia/Pacific markets.

FOREIGN CURRENCY RISK MANAGEMENT

The Company has significant manufacturing operations in the United States, the United Kingdom, France, Germany, Denmark, Brazil and Argentina, and it purchases a portion of its tractors, combines and components from third party foreign suppliers primarily in various European countries and in Japan. The Company also sells products in over 140 countries throughout the world. Fluctuations in the value of foreign currencies create exposures which can adversely affect the Company's results of operations.

The Company attempts to manage its foreign exchange exposure by hedging identifiable foreign currency commitments arising from receivables, payables, and expected purchases and sales. Where naturally offsetting currency positions do not occur, the Company hedges certain of its exposures through the use of foreign currency forward contracts. The Company's hedging policy prohibits foreign currency forward contracts for speculative trading purposes.

OTHER

The Company has assessed the impact of the Year 2000 issue on its reporting systems and operations. Based on its review, the Company estimates that the required costs to modify existing computer systems and applications will be approximately $10 - $12 million which will be incurred in 1998 and 1999. The Company believes that its plans are adequate to ensure that this issue will not materially impact future operations.

For 1997 and 1996, the Company accounted for its operations in Brazil using the highly inflationary economy provisions of Financial Accounting Standard Board Statement No. 52 "Foreign Currency Translation", where the U.S. dollar is substituted as the functional currency. As a result of lower inflation rates in Brazil over the past three years, the Company, effective January 1, 1998, will no longer utilize highly inflationary accounting and the functional currency of the Brazilian operations will be the Brazilian Real. The change in the Company's functional currency in Brazil will have the effect of reflecting translation adjustments from exchange rate changes in the Brazilian Real to equity rather than to the results of operations.

ACCOUNTING CHANGES

In 1997, the Financial Accounting Standards Board issued Statement No. 130, "Reporting Comprehensive Income" and Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information", which must be adopted by December 31, 1998. These statements will have no effect on the Company's financial position or results of operations.

Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share," which specifies the computation, presentation and disclosure requirements for earnings per share. All prior period earnings per share data has been restated to conform with the provisions for SFAS 128. The per share amounts reported under SFAS 128 are not materially different that those calculated and presented under the previous method of calculation as specified under Accounting Principles Board Opinion No. 15.

In October 1995, the Financial Accounting Standards Board issued Statement No. 123, "Accounting for Stock-Based Compensation," which requires companies to estimate the value of all stock-based compensation using a recognized pricing model. The Company has adopted the disclosure requirements of this statement and has chosen to continue to apply the accounting provisions of Accounting Principles Board Opinion No. 25 to stock-based employee compensation arrangements as allowed by Statement No. 123. As a result, the adoption of this new standard did not have an effect on the Company's financial position or results of operations.

Effective January 1996, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which established accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill related to those assets to be held and used, as well as for long-lived assets and certain identifiable intangibles to be disposed. The adoption of this new standard did not have a material effect on the Company's financial position.

FORWARD LOOKING STATEMENTS

Certain information included in Management's Discussion and Analysis of Financial Condition and Results of Operations constitute forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, including the information set forth under "Charges for Nonrecurring Expenses" and "Outlook". Although the Company believes that the expectations reflected in such forward looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Additionally, the Company's financial results are sensitive to movement in interest rates and foreign currencies, as well as general economic conditions, pricing and product actions taken by competitors, production disruptions and changes in environmental, international trade and other laws which impact the way in which it conducts its business. Important factors that could cause actual results to differ materially from the Company's current expectations are disclosed in conjunction with the Company's filings with the Securities and Exchange Commission.

Consolidated Statements of Income
(in millions, except per share data)

YEAR ENDED DECEMBER 31,	CONSOLIDATED 1997	CONSOLIDATED 1996	CONSOLIDATED 1995	EQUIPMENT OPERATIONS 1995	FINANCE COMPANY 1995
Revenues:					
Net sales	$ 3,224.4	$ 2,317.5	$ 2,068.4	$ 2,068.4	$ --
Finance income	--	--	56.6	--	56.6
	3,224.4	2,317.5	2,125.0	2,068.4	56.6
Costs and Expenses:					
Cost of goods sold	2,557.6	1,847.2	1,627.7	1,627.7	--
Selling, general and administrative expenses	275.4	208.4	203.8	190.0	13.8
Engineering expenses	54.1	27.7	24.1	24.1	--
Interest expense, net	53.5	32.7	63.2	31.5	31.7
Other expense, net	19.9	7.6	9.6	9.6	--
Nonrecurring expenses	18.2	22.3	6.0	6.0	--
	2,978.7	2,145.9	1,934.4	1,888.9	45.5
Income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	245.7	171.6	190.6	179.5	11.1
Provision for income taxes	87.5	59.9	65.9	61.6	4.3
Income before equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	158.2	111.7	124.7	117.9	6.8
Equity in net earnings of unconsolidated subsidiary and affiliates	12.6	17.7	4.4	11.2	--
Income before extraordinary loss	170.8	129.4	129.1	129.1	6.8
Extraordinary loss, net of taxes	(2.1)	(3.5)	--	--	--
Net income	168.7	125.9	129.1	129.1	6.8
Preferred stock dividends	--	--	2.0	2.0	--
Net income available for common stockholders	$ 168.7	$ 125.9	$ 127.1	$ 127.1	$ 6.8
Net income per common share:					
Basic:					
Income before extraordinary loss	$ 2.82	$ 2.44	$ 2.87		
Extraordinary loss	(0.03)	(0.07)	--		
Net income	$ 2.79	$ 2.37	$ 2.87		
Diluted:					
Income before extraordinary loss	$ 2.74	$ 2.26	$ 2.31		
Extraordinary loss	(0.03)	(0.06)	--		
Net Income	$ 2.71	$ 2.20	$ 2.31		
Weighted average number of common and common equivalent shares outstanding:					
Basic	60.4	53.0	44.3		
Diluted	62.1	57.4	56.6		

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	DECEMBER 31, 1997	DECEMBER 31, 1996
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 31.2	$ 41.7
Accounts and notes receivable, net of allowances	978.7	857.0
Receivables from affiliates	18.5	12.5
Inventories, net	622.7	473.8
Other current assets	63.7	81.5
Total current assets	1,714.8	1,466.5
Property, plant and equipment, net	403.7	292.4
Investments in affiliates	87.6	80.5
Other assets	75.8	71.5
Intangible assets, net	339.0	205.6
Total assets	$2,620.9	$2,116.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 350.1	$ 361.5
Payables to affiliates	17.4	14.6
Accrued expenses	430.0	317.0
Other current liabilities	33.0	22.9
Total current liabilities	830.5	716.0
Long-term debt	727.4	567.1
Postretirement health care benefits	24.5	24.4
Other noncurrent liabilities	46.9	34.4
Total liabilities	1,629.3	1,341.9
Commitments and Contingencies (Note 13)		
Stockholders' Equity:		
Common stock; $0.01 par value, 150,000,000 shares authorized, 62,972,423 and 57,260,151 shares issued and outstanding in 1997 and 1996, respectively	0.6	0.6
Additional paid-in capital	515.0	360.1
Retained earnings	577.6	411.4
Unearned compensation	(20.0)	(17.8)
Cumulative translation adjustment	(81.6)	20.3
Total stockholders' equity	991.6	774.6
Total liabilities and stockholders' equity	$2,620.9	$2,116.5

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLARS IN MILLIONS)

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL			ADDITIONAL MINIMUM	CUMULATIVE	
	SHARES	AMOUNT	SHARES	AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	PENSION LIABILITY	TRANSLATION ADJUSTMENT	TOTAL
Balance, December 31, 1994	301,558	$ --	21,689,609	$0.2	$324.6	$161.5	$(10.6)	$(0.3)	$ 1.3	$ 476.7
Net income	--	--	--	--	--	129.1	--	--	--	129.1
Issuance of restricted stock	--	--	454,000	--	19.2	--	(19.2)	--	--	--
Two-for-one common stock split	--	--	25,278,520	0.3	(0.3)	--	--	--	--	--
Conversions of subordinated debentures into common stock	--	--	2,315,661	--	29.3	--	--	--	--	29.3
Conversions of preferred stock into subordinated debentures	(267,453)	--	--	--	(66.9)	--	--	--	--	(66.9)
Conversions of preferred stock into common stock	(34,105)	--	673,094	--	--	--	--	--	--	--
Stock options exercised	--	--	146,156	--	1.3	--	--	--	--	1.3
Common stock dividends	--	--	--	--	--	(0.9)	--	--	--	(0.9)
Preferred stock dividends	--	--	--	--	--	(2.0)	--	--	--	(2.0)
Amortization of unearned compensation	--	--	--	--	--	--	7.2	--	--	7.2
Additional minimum pension liability	--	--	--	--	--	--	--	(2.3)	--	(2.3)
Change in cumulative translation adjustment	--	--	--	--	--	--	--	--	17.4	17.4
Balance, December 31, 1995	--	--	50,557,040	0.5	307.2	287.7	(22.6)	(2.6)	18.7	588.9
Net income	--	--	--	--	--	125.9	--	--	--	125.9
Issuance of restricted stock	--	--	474,500	--	13.7	--	(13.7)	--	--	--
Conversions of subordinated debentures into common stock	--	--	5,916,319	0.1	37.5	--	--	--	--	37.6
Stock options exercised	--	--	312,292	--	1.7	--	--	--	--	1.7
Common stock dividends	--	--	--	--	--	(2.2)	--	--	--	(2.2)
Amortization of unearned compensation	--	--	--	--	--	--	18.5	--	--	18.5
Additional minimum pension liability	--	--	--	--	--	--	--	2.6	--	2.6
Change in cumulative translation adjustment	--	--	--	--	--	--	--	--	1.6	1.6
Balance, December 31, 1996	--	--	57,260,151	0.6	360.1	411.4	(17.8)	--	20.3	774.6
Net income	--	--	--	--	--	168.7	--	--	--	168.7
Issuance of common stock, net of offering expenses	--	--	5,175,000	--	140.4	--	--	--	--	140.4
Issuance of restricted stock	--	--	373,017	--	12.7	--	(12.7)	--	--	--
Stock options exercised	--	--	164,255	--	1.8	--	--	--	--	1.8
Common stock dividends	--	--	--	--	--	(2.5)	--	--	--	(2.5)
Amortization of unearned compensation	--	--	--	--	--	--	10.5	--	--	10.5
Change in cumulative translation adjustment	--	--	--	--	--	--	--	--	(101.9)	(101.9)
Balance, December 31, 1997	--	$ --	62,972,423	$0.6	$515.0	$577.6	$(20.0)	$ --	$ (81.6)	$ 991.6

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

YEAR ENDED DECEMBER 31,	CONSOLIDATED 1997	CONSOLIDATED 1996	CONSOLIDATED 1995	EQUIPMENT OPERATIONS 1995	FINANCE COMPANY 1995
Cash flows from operating activities:					
Net income	$ 168.7	$ 125.9	$ 129.1	$ 129.1	$ 6.8
Adjustments to reconcile net income to net cash provided by operating activities:					
Extraordinary loss, net of taxes	2.1	3.5	--	--	--
Gain on sale of Agricredit	--	(4.7)	--	--	--
Depreciation and amortization	49.4	29.2	24.3	24.2	0.1
Equity in net earnings of unconsolidated subsidiary and affiliates, net of cash received	(12.6)	(17.7)	(4.4)	(11.2)	--
Deferred income tax provision (benefit)	53.4	20.1	32.9	33.9	(1.0)
Amortization of intangibles	12.1	5.8	4.0	4.0	--
Amortization of unearned compensation	10.5	18.5	7.2	7.2	--
Provision for losses on credit receivables	--	--	4.3	--	4.3
Changes in operating assets and liabilities, net of effects from purchase of businesses:					
Accounts and notes receivable, net	(94.7)	3.7	(131.3)	(144.5)	--
Inventories, net	(100.4)	(22.6)	(32.3)	(32.3)	--
Other current and noncurrent assets	(10.0)	(14.1)	2.8	3.1	(0.3)
Accounts payable	25.5	(9.4)	8.0	32.8	(11.6)
Accrued expenses	(1.3)	54.3	16.6	14.3	2.3
Other current and noncurrent liabilities	(2.7)	14.2	5.9	5.2	0.7
Total adjustments	(68.7)	80.8	(62.0)	(63.3)	(5.5)
Net cash provided by operating activities	100.0	206.7	67.1	65.8	1.3
Cash flows from investing activities:					
Purchase of businesses, net of cash acquired	(289.2)	(347.0)	(27.0)	(27.0)	--
Purchase of property, plant and equipment	(72.1)	(45.2)	(45.3)	(45.2)	(0.1)
Credit receivables originated	--	--	(393.5)	--	(393.5)
Principal collected on credit receivables	--	--	286.0	--	286.0
Proceeds from disposition of unconsolidated subsidiary and affiliates	--	45.2	1.1	1.1	--
Net cash used for investing activities	(361.3)	(347.0)	(178.7)	(71.1)	(107.6)
Cash flows from financing activities:					
Proceeds from long-term debt	932.2	977.8	1,467.5	366.1	1,101.4
Payment on long-term debt	(813.8)	(803.2)	(1,352.6)	(354.6)	(998.0)
Payment of debt issuance costs	(3.5)	(12.5)	--	--	--
Proceeds from issuance of common stock	142.2	1.7	1.3	1.3	--
Dividends received from (paid to) finance company	--	--	--	0.5	(0.5)
Dividends paid on common stock	(2.5)	(2.2)	(0.9)	(0.9)	--
Dividends paid on preferred stock	--	--	(2.4)	(2.4)	--
(Payments) proceeds on short-term borrowings from unconsolidated subsidiary	--	--	--	(7.3)	7.3
Net cash provided by financing activities	254.6	161.6	112.9	2.7	110.2
Effect of exchange rate changes on cash and cash equivalents	(3.8)	0.4	0.8	0.8	--
(Decrease) increase in cash and cash equivalents	(10.5)	21.7	2.1	(1.8)	3.9
Cash and cash equivalents, beginning of period	41.7	20.0	25.8	21.8	4.0
Cash and cash equivalents, end of period	$ 31.2	$ 41.7	$ 27.9	$ 20.0	$ 7.9

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

AGCO Corporation (the "Company") is a leading manufacturer and distributor of agricultural equipment throughout the world. The Company sells a full range of agricultural equipment and related replacement parts, including tractors, combines, hay tools and forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: Massey Ferguson, Fendt, AGCO Allis, White, GLEANER, Hesston, White-New Idea, Landini, AGCOSTAR, Black Machine, Glencoe, Farmhand, Tye, Deutz (South America) and IDEAL. The Company distributes its products through a combination of over 8,500 independent dealers, wholly-owned distribution companies, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France and Germany through its finance joint ventures with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank").

BASIS OF PRESENTATION

Effective November 1, 1996, the Company sold a 51% interest in Agricredit Acceptance Company ("Agricredit-North America"), the Company's retail finance subsidiary in North America (Note 2). Accordingly, the Company's consolidated financial statements as of and for the years ended December 31, 1997 and 1996 reflect Agricredit-North America on the equity method of accounting for the entire periods presented. For the year ended December 31, 1995, the consolidated financial statements reflect Agricredit-North America on a consolidated basis with the Company's other majority-owned subsidiaries. All significant intercompany transactions have been eliminated to arrive at the consolidated financial statements.

For the year ended December 31, 1995, the consolidated financial statements include, on a separate, supplemental basis, the Company's Equipment Operations and its Finance Company. "Equipment Operations" reflect the consolidation of all operations of the Company and its majority-owned subsidiaries with the exception of Agricredit-North America, which is included using the equity method of accounting. The results of operations of Agricredit-North America are included under the caption "Finance Company."

Certain prior period amounts have been reclassified to conform with the current period presentation.

REVENUE RECOGNITION

Sales of equipment and replacement parts are recorded by the Company when shipped to independent dealers, distributors or other customers. Provisions for sales incentives and returns and allowances are made at the time of sale to the dealer for existing incentive programs or at the inception of new incentive programs. Provisions are revised in the event of subsequent modification to the incentive programs. In certain markets, particularly in North America, there is a time lag, which varies based on the timing and level of retail demand, between the date the Company records a sale and when the dealer sells the equipment to a retail customer.

FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's foreign subsidiaries are translated into United States currency in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." Assets and liabilities are translated to United States dollars at period-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are accumulated as a separate component of stockholders' equity. Gains and losses which result from foreign currency transactions are included in the accompanying consolidated statements of income. For subsidiaries operating in highly inflationary economies, financial statements are remeasured into the United States dollar with adjustments resulting from the translation of monetary assets and liabilities reflected in the accompanying consolidated statements of income.

For 1997 and 1996, the Company accounted for its operations in Brazil using the highly inflationary economy provisions of Statement No. 52 where the U.S. dollar is substituted as the functional currency. As a result of lower inflation rates in Brazil over the past three years, the Company, effective January 1, 1998, will no longer utilize highly inflationary accounting and the functional currency of the Brazilian operations will be the Brazilian Real.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates made by management primarily relate to receivable and inventory allowances and certain accrued liabilities, principally relating to reserves for volume discounts and sales incentives, warranty and insurance.

TRANSACTIONS WITH AFFILIATES

The Company enters into transactions with certain affiliates relating primarily to the purchase and sale of inventory. All transactions were in the ordinary course of business and are not considered material to the financial statements.

CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalents.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable arise from the sale of parts and finished goods inventory to independent dealers, distributors or other customers. Terms vary by market, generally ranging from 30 day terms to requiring payment when the equipment is sold to retail customers. Interest is charged on the balance outstanding after certain interest-free periods, which generally range from 1 to 12 months.

Accounts and notes receivable are shown net of allowances for sales incentive discounts available to dealers and for doubtful accounts. Accounts and notes receivable allowances at December 31, 1997 and 1996 were as follows (in millions):

	1997	1996
Sales incentive discounts	$53.1	$45.8
Doubtful accounts	44.1	30.0
	$97.2	$75.8

INVENTORIES

Inventories are valued at the lower of cost or market using the first-in, first-out method. Market is net realizable value for finished goods and repair and replacement parts. For work in process, production parts and raw materials, market is replacement cost.

Inventory balances at December 31, 1997 and 1996 were as follows (in millions):

	1997	1996
Finished goods	$267.7	$171.1
Repair and replacement parts	250.2	222.6
Work in process, production parts and raw materials	184.5	134.7
Gross inventories	702.4	528.4
Allowance for surplus and obsolete inventories	(79.7)	(54.6)
Inventories, net	$622.7	$473.8

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the estimated useful lives of 10 to 40 years for buildings and improvements, 3 to 15 years for machinery and equipment, and 3 to 10 years for furniture and fixtures. Expenditures for maintenance and repairs are charged to expense as incurred.

The property, plant and equipment balances at December 31, 1997 and 1996 were as follows (in millions):

	1997	1996
Land	$ 51.5	$ 32.5
Buildings and improvements	127.7	93.2
Machinery and equipment	274.9	206.1
Furniture and fixtures	45.0	31.2
Gross property, plant and equipment	499.1	363.0
Accumulated depreciation and amortization	(95.4)	(70.6)
Property, plant and equipment, net	$403.7	$292.4

INTANGIBLE ASSETS

Intangible assets at December 31, 1997 and 1996 consisted of the following (in millions):

	1997	1996
Goodwill	$287.1	$139.3
Trademarks	66.0	66.0
Other	2.9	5.2
Accumulated amortization	(17.0)	(4.9)
Intangible assets	$339.0	$205.6

The excess of cost over net assets acquired ("goodwill") is being amortized to income on a straight-line basis over periods ranging from 10 to 40 years. Goodwill and accumulated amortization are shown above net of the excess of net assets over cost ("negative goodwill") of $23.2 million for both 1997 and 1996 and its related accumulated amortization of $17.4 million and $16.0 million for 1997 and 1996, respectively. The Company also assigned values to certain acquired trademarks which are being amortized to income on a straight-line basis over 40 years. The net amortization expense included in other expense, net in the accompanying consolidated statements of income was $12.1 million, $5.8 million and $4.0 million for the years ended December 31, 1997, 1996 and 1995, respectively.

The Company periodically reviews the carrying values assigned to goodwill and other intangible assets based upon expectations of future cash flows and operating income generated by the underlying tangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

ACCRUED EXPENSES

Accrued expenses at December 31, 1997 and 1996 consisted of the following (in millions):

	1997	1996
Reserve for volume discounts and sales incentives	$ 86.9	$ 69.1
Warranty reserves	63.5	47.1
Accrued employee compensation and benefits	58.4	47.0
Accrued taxes	88.7	51.5
Other	132.5	102.3
	$430.0	$317.0

WARRANTY RESERVES

The Company's agricultural equipment products are generally under warranty against defects in material and workmanship for a period of one to four years. The Company accrues for future warranty costs at the time of sale based upon historical warranty experience.

INSURANCE RESERVES

Under the Company's insurance programs, coverage is obtained for significant liability limits as well as those risks required to be insured by law or contract. It is the policy of the Company to self-insure a portion of certain expected losses related primarily to workers' compensation and comprehensive general, product and vehicle liability. Provisions for losses expected under these programs are recorded based on the Company's estimates of the aggregate liabilities for the claims incurred.

EXTRAORDINARY LOSS

In 1997, the Company recorded an extraordinary loss of $2.1 million, net of taxes of $1.4 million, for the write-off of unamortized debt costs related to the March 1996 Credit Facility (Note 6) which was refinanced with the January 1997 Credit Facility (Note 6). In 1996, the Company recorded an extraordinary loss of $3.5 million, net of taxes of $2.2 million, for the write-off of unamortized debt costs related to the Company's $550.0 million secured revolving credit facility which was refinanced with the March 1996 Credit Facility.

NET INCOME PER COMMON SHARE

Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share", which specifies the computation, presentation and disclosure requirements for earnings per share. All prior period earnings per share data has been restated to conform with the provisions of SFAS No. 128. The per share amounts reported under SFAS 128 are not materially different than those calculated and presented under the previous method of calculation as specified under Accounting Principles Board Opinion No. 15.

Basic earnings per common share is computed by dividing net income available for common stockholders (net income less preferred stock dividend requirements) by the weighted average number of common shares outstanding during each period. Diluted earnings per share assumes exercise of outstanding stock options, vesting of restricted stock and the conversion of the Convertible Subordinated Debentures (Note 7) and the Preferred Stock (Note 10) into common stock during the periods outstanding. All references in the financial statements and the accompanying notes to the financial statements to the weighted average number of common shares outstanding and net income per common share have been restated to reflect stock splits (Note 11).

A reconciliation of net income and the weighted average number of common shares outstanding used to calculate basic and diluted earnings per common share for the years ended December 31, 1997, 1996 and 1995 is as follows (in millions, except per share data):

BASIC EARNINGS PER SHARE	1997	1996	1995
Weighted average number of common shares outstanding	60.4	53.0	44.3
Income before extraordinary loss	$ 170.8	$ 129.4	$ 129.1
Extraordinary loss	(2.1)	(3.5)	--
Net income	168.7	125.9	129.1
Preferred stock dividends	--	--	2.0
Net income available for common stockholders	$ 168.7	$ 125.9	$ 127.1
Net income per common share:			

Income before extraordinary loss	$ 2.82	$ 2.44	$ 2.87
Extraordinary loss	(0.03)	(0.07)	--
Net income	$ 2.79	$ 2.37	$ 2.87

DILUTED EARNINGS PER SHARE

Weighted average number of common shares outstanding	60.4	53.0	44.3
Shares issued upon assumed vesting of restricted stock	1.4	1.7	1.2
Shares issued upon assumed conversion of the Convertible Subordinated Debentures and Preferred Stock	--	2.2	10.5
Shares issued upon assumed exercise of outstanding stock options	0.3	0.5	0.6
Weighted average number of common and common equivalent shares outstanding	62.1	57.4	56.6
Income before extraordinary loss	$ 170.8	$ 129.4	$ 129.1
Extraordinary loss	(2.1)	(3.5)	--
Net income	168.7	125.9	129.1
Interest expense on Convertible Subordinated Debentures, net of applicable income taxes	--	0.5	1.4
Net income available for common stockholders	$ 168.7	$ 126.4	$ 130.5
Net income per common share:			
Income before extraordinary loss	$ 2.74	$ 2.26	$ 2.31
Extraordinary loss	(0.03)	(0.06)	--
Net income	$ 2.71	$ 2.20	$ 2.31

FINANCIAL INSTRUMENTS

The carrying amounts reported in the Company's consolidated balance sheets for cash and cash equivalents, accounts and notes receivable, receivables from affiliates, accounts payable and payables to affiliates approximate fair value due to the immediate or short-term maturity of these financial instruments. The carrying amount of long-term debt under the Company's revolving credit facility (Note 6) approximates fair value based on the borrowing rates currently available to the Company for loans with similar terms and average maturities. At December 31, 1997, the estimated fair value of the Company's 8 1/2% Senior Subordinated Notes (Note 6), based on its listed market value, was $266.1 million compared to the carrying value of $248.1 million.

The Company enters into foreign exchange forward contracts to hedge the foreign currency exposure of certain receivables, payables and expected purchases and sales. These contracts are for periods consistent with the exposure being hedged and generally have maturities of one year or less. Gains and losses on foreign exchange forward contracts are deferred and recognized in income in the same period as the hedged transaction. The Company's foreign exchange forward contracts do not subject the Company's results of operations to risk due to exchange rate fluctuations because gains and losses on these contracts generally offset gains and losses on the exposure being hedged. The Company does not enter into any foreign exchange forward contracts for speculative trading purposes. At December 31, 1997 and 1996, the Company had foreign exchange forward contracts with gross notional amounts of $609.0 million and $558.9 million, respectively. The deferred gains or losses from these contracts were not material at December 31, 1997 and 1996.

The notional amounts of foreign exchange forward contracts do not represent amounts exchanged by the parties and therefore, are not a measure of the Company's risk. The amounts exchanged are calculated on the basis of the notional amounts and other terms of the foreign exchange hedging contracts. The credit and market risks under these contracts are not considered to be significant.

ACCOUNTING CHANGES

Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share", which specifies the computation, presentation and disclosure requirements for earnings per share. See Net Income per Common Share in Note 1 for further description of the accounting change.

In October 1995, the Financial Accounting Standards Board issued Statement No. 123, "Accounting for Stock-Based Compensation," which requires companies to estimate the value of all stock-based compensation using a recognized pricing model. The Company has adopted the disclosure requirements of this statement and has chosen to continue to apply the accounting provisions of Accounting Principles Board Opinion No. 25 to stock-based employee compensation arrangements as allowed by Statement No. 123 (Note 12). As a result, the adoption of this new standard did not have an effect on the Company's financial position or results of operations for the years ended December 31, 1997 and 1996.

Effective January 1996, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which established accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill related to those assets to be held and used, as well as for long-lived assets and certain identifiable intangibles to be disposed. The adoption of this standard did not have a material effect on the Company's financial position.

2. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

The Company completed the following acquisitions in 1997, 1996 and 1995 which were primarily financed with borrowings under the Company's revolving credit facility (Note 6). In most cases, the Company acquired assets and assumed liabilities consisting primarily of accounts receivable, inventories, property, plant and equipment, trademarks, trade names and technology, accounts payable and accrued liabilities. The results of operations for the Company's acquisitions are included in the Company's consolidated financial statements as of and from the respective dates of acquisition.

On December 4, 1997, the Company acquired the remaining 68% of Dronningborg Industries a/s ("Dronningborg") for approximately $22.0 million (the "Dronningborg Acquisition"). Prior to the acquisition, the Company owned 32% of Dronningborg which manufactures combine harvesters sold exclusively to AGCO for sale under the Massey Ferguson brand name.

Effective January 1, 1997, the Company acquired Xaver Fendt GmbH & Co. KG ("Fendt") for approximately $283.5 million plus approximately $38.3 million of assumed working capital debt (the "Fendt Acquisition"). Fendt's primary business is the manufacture and distribution of tractors through a network of independent agricultural cooperatives, dealers and distributors in Germany and throughout Europe and Australia. Effective December 31, 1997, the Company sold Fendt's caravan and motor home business for approximately $10.0 million.

On December 27, 1996, the Company acquired Deutz Argentina S.A. ("Deutz Argentina") for approximately $62.5 million (the "Deutz Argentina Acquisition"). Deutz Argentina is a manufacturer and distributor of a broad range of agricultural equipment, engines and light trucks in Argentina and other South American markets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Effective July 8, 1996, the Company acquired certain assets of Western Combine Corporation and Portage Manufacturing, Inc., the Company's suppliers of Massey Ferguson combines and certain other harvesting equipment sold in North America (the "Western Combine Acquisition") for approximately $19.4 million.

Effective June 28, 1996, the Company acquired certain assets and liabilities of the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Agricultural Equipment Business") for approximately $260.0 million (the "Maxion Acquisition"). Prior to the acquisition, the Maxion Agricultural Equipment Business was AGCO's Massey Ferguson licensee in Brazil, manufacturing and distributing agricultural and industrial equipment in Brazil and other South American markets.

Effective March 31, 1995, the Company acquired substantially all the net assets of AgEquipment Group, a manufacturer and distributor of agricultural implements and tillage equipment (the "AgEquipment Acquisition") for approximately $25.1 million.

The above acquisitions were accounted for as purchases in accordance with Accounting Principles Board Opinion No. 16, and accordingly, each purchase price has been allocated to the assets acquired and the liabilities assumed based on the estimated fair values as of the acquisition dates. The purchase price allocations for the Maxion, Deutz Argentina, Fendt and Western Combine Acquisitions resulted in a decrease in goodwill of $53.9 million from the amounts originally recorded. These adjustments were a result of the completion of certain asset and liability valuations related primarily to property, plant and equipment and certain allowance and reserve accounts. The purchase price allocations for the Dronningborg and Fendt Acquisitions are preliminary and will be completed in 1998.

In addition, the purchase price allocations for the Deutz Argentina, Fendt and Western Combine Acquisitions included liabilities associated with certain costs to integrate the acquired businesses into the Company's operations. These costs related to the consolidation of certain acquired manufacturing operations into existing Company facilities and the integration of certain sales and marketing functions. As of December 31, 1997, the Company had established liabilities totaling $6.5 million for employee severance and relocation and other integration costs and had incurred $3.9 million of expenses charged against these liabilities.

DISPOSITIONS

Effective November 1, 1996, the Company entered into an agreement with De Lage Landen International, B.V., a wholly-owned subsidiary of Rabobank, to be its joint venture partner in Agricredit-North America, the Company's wholly-owned retail finance subsidiary in North America (the "Agricredit-North America Joint Venture"). As a result of the agreement, the Company sold a 51% interest in Agricredit-North America to Rabobank. The Company received total consideration of approximately $44.3 million in the transaction and recorded a gain, before taxes, of approximately $4.7 million. Under the Agricredit-North America Joint Venture, Rabobank has a 51% interest and the Company retained a 49% interest in the finance company. Substantially all of the net assets of Agricredit-North America were transferred to the Agricredit-North America Joint Venture. Proceeds from the transaction were used to repay outstanding borrowings under the Company's revolving credit facility.

3. CHARGES FOR NONRECURRING EXPENSES

The results of operations for 1997 included a charge for nonrecurring expenses of $18.2 million, or $.19 per common share on a diluted basis. This nonrecurring charge included $15.0 million related to the restructuring of the Company's European operations which were acquired in the purchase of Massey Ferguson Group Limited in June 1994 (the "Massey Acquisition") and certain costs associated with the integration of the Deutz Argentina and Fendt operations. The nonrecurring charge for 1997 also included $3.2 million related to executive severance costs. The costs included for these restructuring and integration activities in 1997 primarily related to the centralization and rationalization of certain manufacturing, selling and administrative functions in addition to the rationalization of a certain portion of the Company's European dealer network. The nonrecurring charge for 1997 included $9.2 million for employee related costs, consisting of employee severance, and $4.7 million of payroll costs incurred through December 31, 1997 for employees that have been terminated or will be terminated in the future. Of the total $15.0 million charge, $7.2 million has been incurred through December 31, 1997.

The results of operations for 1996 included a charge for nonrecurring expenses of $22.3 million, or $0.25 per common share on a diluted basis. This nonrecurring charge included $15.0 million related to the restructuring of the Company's European operations and the integration and restructuring of the Company's Brazilian operations, acquired in the Maxion Acquisition (Note 2) in June 1996. In addition, the nonrecurring charge included $7.3 million related to executive severance costs. The nonrecurring charge for the integration and restructuring activities in 1996 included costs associated with the rationalization and centralization of certain manufacturing, parts warehousing, sales, and administrative functions. The $15.0 million recorded in 1996 included $9.0 million for employee related costs, including severance costs, and $6.0 million for other nonrecurring costs. Included in the $9.0 million of employee related costs was $1.3 million of payroll costs incurred through December 31, 1996 for personnel that have been terminated. All costs associated with the 1996 nonrecurring charge have been incurred.

The results of operations for the year ended December 31, 1995 included charges of $6.0 million, or $0.07 per common share, for nonrecurring expenses primarily related to the initial integration and restructuring of the Company's European operations. The nonrecurring charge included costs primarily associated with the centralization and rationalization of the Company's European operations administrative, sales and marketing functions and other nonrecurring costs. All of the costs associated with the initial integration and restructuring of the Company's European operations from the acquisition date through the year ended December 31, 1995 have been incurred.

4. INVESTMENTS IN AFFILIATES

At December 31, 1997 and 1996, the Company's investments in unconsolidated affiliates primarily consisted of (i) the Company's retail finance joint ventures with Rabobank which includes the Agricredit-North America Joint Venture (Note 2), (ii) the Company's 50% investments in manufacturing joint ventures with various unrelated manufacturers to produce hay and forage equipment in North America, driveline assemblies in Europe, and engines in South America and (iii) certain other minority investments in farm equipment manufacturers and licensees.

Investments in affiliates, accounted for under the equity method, as of December 31, 1997 and 1996 were as follows (in millions):

	1997	1996
Retail finance joint ventures	$55.6	$48.4
Manufacturing joint ventures	23.4	17.4
Other	8.6	14.7
	$87.6	$80.5

The Company's equity in net earnings of unconsolidated affiliates for 1997, 1996, and 1995 were as follows (in millions):

	1997	1996	1995
Retail finance joint ventures	$10.9	$14.8	$3.4
Other	1.7	2.9	1.0
	$12.6	$17.7	$4.4

The manufacturing joint ventures of the Company primarily sell their products to the joint venture partners at prices which result in their operating at or near breakeven on an annual basis. The Company also has various minority interest investments which are accounted for under the cost method.

Summarized financial information of the Agricredit-North America Joint Venture as of and for the year ended December 31, 1997 and 1996 is as follows (in millions):

DECEMBER 31,	1997	1996
Current assets	$317.5	$220.7
Noncurrent assets	473.4	453.0
Total assets	790.9	673.7
Current liabilities	690.5	533.4
Noncurrent liabilities	29.2	83.1
Partners' equity	71.2	57.2
Total liabilities and partners' equity	$790.9	$673.7

FOR THE YEAR ENDED DECEMBER 31,	1997	1996
Interest and finance fees	$ 82.2	$ 69.5
Expenses	64.6	58.1
Net income	$ 17.6	$ 11.4

5. INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The sources of income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss were as follows for the years ended December 31, 1997, 1996 and 1995 (in millions):

	1997	1996	1995
United States	$ 51.7	$ 31.9	$ 41.9
Foreign	194.0	139.7	148.7
Income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	$245.7	$171.6	$190.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The provision (benefit) for income taxes by location of the taxing jurisdiction for the years ended December 31, 1997, 1996 and 1995 consisted of the following (in millions):

	1997	1996	1995
Current:			
United States:			
Federal	$(2.6)	$ 9.7	$15.8
State	(0.8)	0.5	1.5
Foreign	37.5	29.6	15.7
	34.1	39.8	33.0
Deferred:			
United States:			
Federal	19.0	(1.1)	(2.5)
State	2.6	0.1	0.3
Foreign	31.8	21.1	35.1
	53.4	20.1	32.9
Provision for income taxes	$87.5	$59.9	$65.9

Certain foreign operations of the Company are subject to United States as well as foreign income tax regulations. Therefore, the preceding sources of income before income taxes by location and the provision (benefit) for income taxes by taxing jurisdiction are not directly related.

A reconciliation of income taxes computed at the United States federal statutory income tax rate (35%) to the provision for income taxes reflected in the consolidated statements of income for the years ended December 31, 1997, 1996 and 1995 is as follows (in millions):

	1997	1996	1995
Provision for income taxes at United States federal statutory rate of 35%	$86.0	$60.1	$66.7
State and local income taxes, net of federal income tax benefit	1.8	0.3	1.2
Taxes on foreign income which differ from the United States statutory rate	(0.5)	(0.8)	(1.2)
Other	0.2	0.3	(0.8)
	$87.5	$59.9	$65.9

The significant components of the net deferred tax assets at December 31, 1997 and 1996 were as follows (in millions):

	1997	1996
Deferred Tax Assets:		
Net operating loss carryforwards	$56.7	$63.2
Sales incentive discounts	5.4	18.3
Inventory valuation reserves	11.5	11.1
Postretirement benefits	10.3	9.5
Other	47.5	48.6
Valuation allowance	(66.4)	(63.7)
Total deferred tax assets	65.0	87.0
Deferred Tax Liabilities:		
Tax over book depreciation	28.4	2.8
Tax over book amortization of goodwill	7.1	6.6
Other	10.0	5.4
Total deferred tax liabilities	45.5	14.8
Net deferred tax assets	19.5	72.2
Less: Current portion of deferred tax liability (asset)	1.6	(48.1)
Noncurrent net deferred tax assets	$21.1	$24.1

As reflected in the preceding table, the Company established a valuation allowance of $66.4 million and $63.7 million as of December 31, 1997 and 1996, respectively, due to the uncertainty regarding the realizability of certain deferred tax assets. The valuation allowance relates primarily to acquired operating loss carryforwards which are available to reduce future taxable income of certain foreign entities. If realized, the acquired net operating loss carryforwards would have the effect of reducing the corresponding goodwill in future periods.

The Company has net operating loss carryforwards of $140.0 million as of December 31, 1997, with expiration dates as follows: 1998 - $11.5 million, 1999 - - $9.0 million, 2000 - $28.8 million, 2001 - $28.6 million, 2002 - $11.3 million, thereafter and unlimited - $50.8 million.

The Company paid income taxes of $42.0 million, $23.1 million and $22.6 million for the years ended December 31, 1997, 1996, and 1995, respectively.

6. LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 1997 and 1996 (in millions):

	1997	1996
Revolving Credit Facility	$460.7	$317.4
Senior Subordinated Notes	248.1	248.0
Other Long-Term Debt	18.6	1.7
Total Long-Term Debt	$727.4	$567.1

In January 1997, the Company replaced its $650.0 million unsecured revolving credit facility (the "March 1996 Credit Facility") with a new credit facility (the "January 1997 Credit Facility"), which allowed for borrowings up to $1.2 billion. In March 1997, the lending commitment for the January 1997 Credit Facility was reduced by $141.2 million which represented the proceeds to the Company, net of underwriting discounts, from the Company's common stock offering (Note 11). Aggregate borrowings outstanding under the January 1997 Credit Facility are subject to a borrowing base limitation and may not at any time exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. Interest accrues on borrowings outstanding under the January 1997 Credit Facility primarily at LIBOR plus an applicable margin, as defined. At December 31, 1997, interest rates on the outstanding borrowings ranged from 4.2% to 8.0%, with a weighted average interest rate during 1997 of 6.6%. The January 1997 Credit Facility contains certain covenants, including covenants restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends. In addition, the Company must maintain certain financial covenants including, among others, a debt to capitalization ratio, an interest coverage ratio and a ratio of debt to cash flow, as defined. At December 31, 1997, $460.7 million was outstanding under the January 1997 Credit Facility and available borrowings were $596.2 million.

In March 1996, the Company issued $250.0 million of 8 1/2% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount. The Notes are unsecured obligations of the Company and are redeemable at the option of the Company, in whole or in part, at any time on or after March 15, 2001 initially at 104.25% of their principal amount, plus accrued interest, declining ratably to 100% of their principal amount plus accrued interest, on or after March 15, 2003. The Notes include certain covenants, including covenants restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends. The net proceeds from the sale of the Notes were used to repay outstanding indebtedness.

At December 31, 1997, the aggregate scheduled maturities of long-term debt are primarily in the year 2002 and thereafter. The scheduled maturities in years 1998 through 2001 are not material. Cash payments for interest were $70.9 million, $54.1 million and $77.3 million for the years ended December 31, 1997, 1996 and 1995, respectively.

The Company has arrangements with various banks to issue letters of credit or similar instruments which guarantee the Company's obligations for the purchase or sale of certain inventories and for potential claims exposure for insurance coverage. At December 31, 1997, outstanding letters of credit totaled $28.9 million, of which $1.8 million was issued under the January 1997 Credit Facility. At December 31, 1996, outstanding letters of credit totaled $35.1 million, of which $4.8 million was issued under the March 1996 Credit Facility.

7. CONVERTIBLE SUBORDINATED DEBENTURES

In June 1995, the Company exchanged all of its outstanding 2,674,534 depositary shares (the "Exchange"), each representing 1/10 of a share of Convertible Preferred Stock (Note 10), into $66.8 million of 6.5% Convertible Subordinated Debentures due 2008 (the "Convertible Subordinated Debentures"). The effect of this transaction resulted in a reduction to stockholders' equity and an increase to liabilities in the amount of $66.8 million. The Convertible Subordinated Debentures were convertible at any time at the option of the holder into shares of the Company's common stock at a conversion rate of 157.85 shares of common stock for each $1,000 principal amount of the debentures. In addition, on or after June 1, 1996, the Convertible Subordinated Debentures were redeemable at the option of the Company initially at an amount equivalent to $1,045.50 per $1,000 principal amount of the debentures and thereafter, at prices declining to an amount equivalent to the face amount of the debentures on or after June 1, 2003, plus all accrued and unpaid interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In April 1996, the Company announced its election, effective June 1, 1996, to redeem all of its outstanding Convertible Subordinated Debentures. Prior to the execution of redemption, all of the outstanding Convertible Subordinated Debentures were converted into common stock.

8. EMPLOYEE BENEFIT PLANS

The Company has defined benefit pension plans covering certain hourly and salaried employees in the United States and certain foreign countries, principally in the United Kingdom and Germany. Under the United States plans, benefits under the salaried employees' plan are generally based upon participant earnings, while the hourly employees' benefits are determined by stated monthly benefit amounts for each year of credited service. The United States salaried employees' retirement plan was amended to freeze all future benefit accruals and participation after December 31, 1988, but to continue the plan provisions with respect to service accumulations toward achieving eligibility for, and vesting in, plan benefits. Under the foreign plans, benefits are based on the employees' highest average eligible compensation. The Company's policy is to fund amounts to the defined benefit plans necessary to comply with the funding requirements as prescribed by the laws and regulations in each country where the plans are located.

Net periodic pension cost for the plans for the years ended December 31, 1997, 1996 and 1995 included the following components (in millions):

	1997	1996	1995
Service cost	$ 6.5	$ 5.2	$ 3.8
Interest cost	24.4	22.3	19.6
Actual return on plan assets	(68.2)	(37.9)	(34.4)
Net amortization and deferral	41.5	12.9	13.0
	$ 4.2	$ 2.5	$ 2.0

The following assumptions were used to measure the projected benefit obligation for the plans at December 31, 1997, 1996 and 1995:

	1997		1996		1995	
	U.S. Plans	Foreign Plans	U.S. Plans	Foreign Plans	U.S. Plans	Foreign Plans
Weighted average discount rate	7.25%	7.00%	7.50%	8.50%	7.25%	8.75%
Rate of increase in future compensation	N.A.	4.00%	N.A.	5.00%	N.A.	5.00%
Expected long-term rate of return on plan assets	8.00%	8.00%	8.00%	9.75%	8.00%	10.00%

For 1997, the change in assumptions in the foreign plans reflects the addition of plans assumed in the Fendt Acquisition.

The following table sets forth the defined benefit plans' funded status at December 31, 1997 and 1996 (in millions):

	1997	1996	1997	1996
	Plans in which Assets Exceed Accumulated Benefits		Plans in which Accumulated Benefits Exceed Assets	
Actuarial present value of benefit obligation:				
Vested benefit obligation	$304.5	$252.8	$ 46.3	$ 30.8
Accumulated benefit obligation	$304.7	$257.3	$ 48.1	$ 31.6
Projected benefit obligation	$315.9	$266.7	$ 48.1	$ 32.7
Plan assets at fair value, primarily listed stock and U.S. bonds	321.8	277.2	30.7	26.6
Projected benefit obligation less than (in excess of) plan assets	5.9	10.5	(17.4)	(6.1)
Unrecognized net loss	13.1	2.0	(2.2)	0.3
Unrecognized prior service cost	--	--	2.6	3.2
Additional minimum liability	--	--	--	(2.3)
Prepaid (accrued) pension cost	$ 19.0	$ 12.5	$(17.0)	$ (4.9)

In addition, the Company accrues pension costs relating to various pension plans in foreign countries other than the U.K. and Germany, all of which are substantially funded.

The Company maintains a separate defined contribution 401(k) savings plan covering certain salaried employees in the United States. Under the plan, the Company contributes a specified percentage of each eligible employee's compensation. The Company contributed $1.7 million, $1.6 million and $1.3 million for the years ended December 31, 1997, 1996 and 1995, respectively.

9. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

The Company provides certain postretirement health care and life insurance benefits for United States salaried and hourly employees and their eligible dependents who retire after attaining specified age and service requirements.

Net periodic postretirement benefit cost for the years ended December 31, 1997, 1996 and 1995 included the following components (in millions):

	1997	1996	1995
Service cost	$0.8	$0.9	$0.9
Interest cost on accumulated postretirement benefit obligation	1.2	1.3	1.3
Net amortization of transition obligation and prior service cost	(0.6)	(0.7)	(0.7)
Net amortization of unrecognized net gain	(0.7)	(0.4)	(0.5)
	$0.7	$1.1	$1.0

The following table sets forth the postretirement benefit plans' funded status at December 31, 1997 and 1996 (in millions):

	1997	1996
Accumulated postretirement benefit obligation:		
Retiree	$ 5.6	$ 4.9
Fully eligible active plan participants	3.2	3.5
Other active participants	10.1	10.2
	18.9	18.6
Plan assets at fair value	--	--
Accumulated postretirement benefit obligation in excess of plan assets	18.9	18.6
Unrecognized prior service cost	0.8	1.5
Unrecognized transition obligation	(0.4)	(0.4)
Unrecognized net gain	5.2	4.7
Accrued postretirement benefit liability	$24.5	$24.4

For measuring the expected postretirement benefit obligation, a 9.75% health care cost trend rate was assumed for 1997, decreasing 0.75% per year to 6% and remaining at that level thereafter. For 1996, a 10.5% health care cost trend rate was assumed. The weighted average discount rate used to determine the accumulated postretirement benefit obligation was 7.25% and 7.50% at December 31, 1997 and 1996, respectively.

Increasing the assumed health care cost trend rates by one percentage point each year and holding all other assumptions constant would increase the accumulated postretirement benefit obligation at December 31, 1997 and 1996 by $1.9 million and $1.7 million, respectively, and would increase the aggregate of the service and interest cost components of the net periodic postretirement benefit cost by $0.2 million for both the years ended December 31, 1997 and 1996.

10. PREFERRED STOCK

At December 31, 1997, the Company had 1,000,000 authorized shares of preferred stock with a par value of $0.01 per share and no shares outstanding.

In May 1993, the Company completed an offering of 3,680,000 depositary shares, each representing 1/10 of a share of $16.25 Cumulative Convertible Exchangeable Preferred Stock (the "Convertible Preferred Stock") at $25.00 per depositary share (the "Convertible Preferred Stock Offering"). The net proceeds to the Company from the Convertible Preferred Stock Offering, after deducting the underwriters' discount and offering expenses, were $88.0 million. Dividends on the Convertible Preferred Stock were cumulative from the date of original issue and were payable quarterly at $1.625 per annum per depositary share. Shares of the Convertible Preferred Stock were convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price of $6.33. In June 1995, the Company exchanged all of its outstanding 2,674,534 depositary shares of Convertible Preferred Stock into $66.8 million of Convertible Subordinated Debentures (Note 7).

In April 1994, the Company designated 300,000 shares as Junior Cumulative Preferred Stock (the "Junior Preferred Stock") in connection with the adoption of a Stockholders' Rights Plan (the "Rights Plan" - Note 11). No shares of Junior Preferred Stock have been issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. COMMON STOCK

At December 31, 1997, the Company had 150,000,000 authorized shares of common stock with a par value of $0.01, with 62,972,423 shares of common stock outstanding, 1,064,473 shares reserved for issuance under the Company's 1991 Stock Option Plan (Note 12), 70,500 shares reserved for issuance under the Company's Nonemployee Director Stock Incentive Plan (Note 12) and 2,295,000 shares reserved for issuance under the Company's Long-Term Incentive Plan (Note 12).

In April 1994, the Company adopted the Rights Plan. Under the terms of the Rights Plan, one-third of a preferred stock purchase right (a "Right") is attached to each outstanding share of the Company's common stock. The Rights Plan contains provisions that are designed to protect stockholders in the event of certain unsolicited attempts to acquire the Company. Under the terms of the Rights Plan, each Right entitles the holder to purchase one one-hundredth of a share of Junior Preferred Stock, par value of $0.01 per share, at an exercise price of $200 per share. The Rights are exercisable a specified number of days following (i) the acquisition by a person or group of persons of 20% or more of the Company's common stock or (ii) the commencement of a tender or exchange offer for 20% or more of the Company's common stock. In the event the Company is the surviving company in a merger with a person or group of persons that owns 20% or more of the Company's outstanding stock, each Right will entitle the holder (other than such 20% stockholder) to receive, upon exercise, common stock of the Company having a value equal to two times the Right's exercise price. In addition, in the event the Company sells or transfers 50% or more of its assets or earning power, each Right will entitle the holder to receive, upon exercise, common stock of the acquiring company having a value equal to two times the Right's exercise price. The Rights may be redeemed by the Company at $0.01 per Right prior to their expiration on April 27, 2004.

In March 1997, the Company completed a public offering of 5,175,000 shares of its common stock (the "Offering"). The net proceeds to the Company from the Offering were approximately $140.4 million, after deduction of underwriting discounts and commissions and other expenses. The Company used the proceeds from the Offering to reduce a portion of the borrowings outstanding under the Company's revolving credit facility.

On January 31, 1996, the Company effected a two-for-one stock split of the Company's outstanding common stock in the form of a stock dividend payable to stockholders of record on January 15, 1996. All references to common share and per share information and the weighted average number of common and common equivalent shares outstanding, with the exception of stock offering information, have been restated to reflect the stock split.

12. STOCK PLANS

The Company's Nonemployee Director Stock Incentive Plan (the "Director Plan") provides for restricted stock awards to nonemployee directors based on increases in the price of the Company's common stock. The awarded shares are earned in specified increments for each 15% increase in the average market value of the Company's common stock over the initial base price established under the plan. When an increment of the awarded shares is earned, the shares are issued to the participant in the form of restricted stock which vests at the earlier of 12 months after the specified performance period or upon departure from the board of directors. When the restricted shares are earned, a cash bonus equal to 40% of the value of the shares on the date the restricted stock award is earned is paid by the Company to satisfy a portion of the estimated income tax liability to be incurred by the participant. At December 31, 1997, 50,000 shares have been contingently awarded to plan participants, 29,500 shares awarded under the Director Plan had been earned and 8,500 shares have vested.

The Company's Long-Term Incentive Plan (the "LTIP") provides for restricted stock awards to executives based on increases in the price of the Company's common stock. The awarded shares are earned in specified increments for each 20% increase in the average market value of the Company's common stock over the initial base price established under the plan. When an increment of the awarded shares is earned, the shares are issued to the participant in the form of restricted stock which generally carries a five year vesting period with one-third of each award vesting on the last day of the 36th, 48th and 60th month, respectively, after each award is earned. When the restricted shares are vested, a cash bonus equal to 40% of the value of the vested shares on the date the restricted stock award is earned is paid by the Company to satisfy a portion of the estimated income tax liability to be incurred by the participant.

At the time the awarded shares are earned, the market value of the stock is added to common stock and additional paid-in capital and an equal amount is deducted from stockholders' equity as unearned compensation. The LTIP unearned compensation and the amount of cash bonus to be paid when the awarded shares become vested are amortized to expense ratably over the vesting period. The Company recognized compensation expense associated with the LTIP of $14.8 million, $25.8 million and $9.8 million for the years ended December 31, 1997, 1996 and 1995, respectively, consisting of amortization of the stock award and the related cash bonus. The compensation expense in 1996 includes $5.8 million of accelerated vesting related to executive severance.

Additional information regarding the LTIP for the years ended December 31, 1997, 1996 and 1995 is as follows:

	1997	1996	1995
Shares awarded but not earned at January 1	1,597,500	--	891,000
Shares awarded, net of forfeitures	(270,000)	2,070,000	--
Shares earned	(362,500)	(472,500)	(891,000)
Shares awarded but not earned at December 31	965,000	1,597,500	--
Shares available for grant	1,330,000	60,000	180,000
Total shares reserved for issuance	2,295,000	1,657,500	180,000
Shares vested	194,000	792,500	--

The Company's Stock Option Plan (the "Option Plan") provides for the granting of nonqualified and incentive stock options to officers, employees, directors and others. The stock option exercise price is determined by the board of directors except in the case of an incentive stock option for which the purchase price shall not be less than 100% of the fair market value at the date of grant. Each recipient of stock options is entitled to immediately exercise up to 20% of the options issued to such person, and an additional 20% of such options vest ratably over a four-year period and expire not later than ten years from the date of grant.

Stock option transactions during the three years ended December 31, 1997 were as follows:

	1997	1996	1995
Options outstanding at January 1	787,250	899,190	1,198,400
Options granted	193,900	229,720	20,000
Options exercised	(164,255)	(312,292)	(292,312)
Options canceled	(18,927)	(29,368)	(26,898)
Options outstanding at December 31	797,968	787,250	899,190
Options available for grant at December 31	266,505	441,478	641,830
Option price ranges per share:			
Granted	$ 31.25	$ 25.50	$14.69-18.25
Exercised	1.52-31.25	1.52-25.50	1.52-18.25
Canceled	14.63-31.25	14.63-25.50	1.52-14.63
Weighted average option prices per share:			
Granted	$ 31.25	$ 25.50	$ 16.47
Exercised	10.36	5.58	4.43
Canceled	21.68	18.94	10.00
Outstanding at December 31	18.87	14.14	8.43

At December 31, 1997, the outstanding options had a weighted average remaining contractual life of approximately 7.8 years and there were 451,622 options currently exercisable with option prices ranging from $1.52 to $31.25 and with a weighted average exercise price of $13.40.

The Company accounts for the Director Plan, the LTIP, and the Option Plan under the provisions of APB No. 25. The following pro forma information is based on estimating the fair value of grants under the above plans based upon the provisions of SFAS No. 123. For the Option Plan, the fair value of each option granted since 1995 has been estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 6.1% for 1997 and 5.7% for 1996 and 1995, expected life for the option plan of 7 years, expected dividend yield of 2.0%, and expected volatility of 35.0%. For the Director Plan and LTIP, the fair value of each award granted since 1995 has been estimated using the Black-Scholes option pricing model with the same assumptions above for the risk free interest rate, expected dividend yield, and expected volatility. Under these assumptions for the Option Plan, the weighted average fair value of options granted in 1997, 1996 and 1995 was $15.75, $12.22 and $8.52, respectively. Under these assumptions for the Director Plan and the LTIP, the weighted average fair value of awards granted in 1995 and 1997 under the Director Plan, including the related cash bonus, was $22.22 and $39.96, respectively, and the weighted average fair value of awards granted in 1996 under the LTIP, including the related cash bonus, was $31.36. There were no awards under the Director Plan in 1996 or under the LTIP in 1995 or 1997. The fair value of the grants and awards would be amortized over the vesting period for stock options and earned awards under the Director Plan and LTIP and over the performance period for unearned awards under the Director Plan and LTIP.

Accordingly, the Company's pro forma net income and net income per common share, assuming compensation cost was determined under SFAS No. 123, would have been the following (in millions):

YEAR ENDED DECEMBER 31,	1997	1996
	(in millions, except per share data)	
Net income	$166.5	$123.9
Net income per common share - diluted	$ 2.68	$ 2.16

Because the SFAS No. 123 method of accounting has not been applied to grants and awards prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that expected in future years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. COMMITMENTS AND CONTINGENCIES

The Company leases land, buildings, machinery, equipment and furniture under various noncancelable operating lease agreements. At December 31, 1997, future minimum lease payments under noncancelable operating leases were as follows (in millions):

1998	$10.9
1999	8.5
2000	6.0
2001	4.0
2002	2.7
Thereafter	13.2
	$45.3

Total lease expense under noncancelable operating leases was $16.8 million, $16.2 million, and $15.1 million for the years ended December 31, 1997, 1996 and 1995, respectively.

The Company is party to various claims and lawsuits arising in the normal course of business. It is the opinion of management, after consultation with legal counsel, that those claims and lawsuits, when resolved, will not have a material adverse effect on the financial position or results of operations of the Company.

14. SEGMENT REPORTING

The Company's operations consist of the following geographic segments (in millions):

YEAR ENDED DECEMBER 31, 1997	United States and Canada	South America	Western Europe and Other International	Consolidated (1)
Revenues:				
Net sales to unaffiliated customers	$947.5	$331.8	$1,945.1	$3,224.4
Net sales between geographic segments	41.6	0.7	228.3	--
Total revenues	$989.1	$332.5	$2,173.4	$3,224.4
Income from operations (2)	$ 56.3	$ 12.5	$ 243.5	$ 307.1
Identifiable assets	$969.0	$415.2	$1,689.0	$2,620.9

YEAR ENDED DECEMBER 31, 1996	United States and Canada	South America	Western Europe and Other International	Consolidated (1)
Revenues:				
Net sales to unaffiliated customers	$850.0	$ 85.2	$1,382.3	$2,317.5
Net sales between geographic segments	38.6	2.9	149.3	--
Total revenues	$888.6	$ 88.1	$1,531.6	$2,317.5
Income from operations (2)	$ 46.8	$ (6.8)	$ 166.3	$ 206.2
Identifiable assets	$867.9	$404.3	$1,258.0	$2,116.5

YEAR ENDED DECEMBER 31, 1995	United States and Canada	Western Europe and Other International	Consolidated (1)
Revenues:			
Net sales to unaffiliated customers	$ 807.5	$1,260.9	$2,068.4
Net sales between geographic segments	20.2	203.9	--
	827.7	1,464.8	2,068.4
Finance Income	56.6	--	56.6
Total revenues	$ 884.3	$1,464.8	$2,125.0
Income from operations (2)	$ 65.2	$ 163.9	$ 227.7
Identifiable assets	$1,406.8	$ 943.6	$2,162.9

(1) Consolidated information reflects the elimination of intersegment transactions. Intersegment sales are made at selling prices that are intended to reflect the market value of the products.

(2) Income from operations represents revenue less cost of goods sold, selling, general and administrative expenses, engineering expenses, nonrecurring expenses, interest expense for Agricredit-North America for the year ended December 31, 1995 and intangible asset amortization.

Net sales by customer location for the years ended December 31, 1997, 1996 and 1995 were as follows (in millions):

	1997	1996	1995
Net Sales:			
Europe	$1,616.9	$1,021.0	$ 947.6
United States	734.0	681.1	660.9
South America	334.3	100.2	20.0
Canada	182.6	153.8	134.4
Middle East	105.7	92.3	79.7
Asia	87.8	102.7	96.5
Australia	64.3	67.0	39.5
Africa	63.3	80.6	71.7
Mexico, Central America and Caribbean	35.5	18.8	18.1
	$3,224.4	$2,317.5	$2,068.4

Total export sales from the United States were $249.1 million in 1997, $194.5 million in 1996, and $157.7 million in 1995, with the large majority of products sold in Canada.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of AGCO Corporation:

We have audited the accompanying consolidated balance sheets of AGCO CORPORATION AND SUBSIDIARIES as of December 31, 1997 and 1996 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the financial position of AGCO Corporation and subsidiaries as of December 31, 1997 and 1996 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
February 5, 1998

DIRECTORY

DIRECTORS

ROBERT J. RATLIFF

HENRY J. CLAYCAMP
President, Mosaix Associates

WILLIAM H. FIKE
Vice Chairman and
Executive Vice President,
Magna International,Inc.

GERALD B. JOHANNESON
President and
Chief Executive Officer,
Haworth, Inc.

RICHARD P. JOHNSTON
Chairman, RoyalPrecision, Inc.

ANTHONY D. LOEHNIS
Director of St. James' Place
Capital PLC and Chairman of its
J. Rothschild International
Marketing Limited subsidiary

ALAN S. MCDOWELL
Private Investor

HAMILTON ROBINSON, JR.
Managing Director -
Hamilton Robinson &
Company, Inc.

WOLFGANG SAUER
Principal - WS Consult-
Wolfgang Sauer & Associates
S/C Ltda.

THOMAS H. WYMAN
Former Chairman of CBS, Inc.

BOARD COMMITTEES

AUDIT COMMITTEE
Mr. Robinson, Chairman
Mr. Loehnis
Mr. McDowell
Dr. Sauer

COMPENSATION COMMITTEE
Mr. Johnston, Chairman
Mr. Fike
Mr. Loehnis
Mr. McDowell

EXECUTIVE COMMITTEE
Mr. Claycamp, Chairman
Mr. Johanneson
Mr. Johnston
Mr. Ratliff
Mr. Robinson

NOMINATING COMMITTEE
Mr. Claycamp, Chairman
Mr. Fike
Mr. McDowell

STRATEGIC PLANNING
COMMITTEE
Mr. Ratliff, Chairman
Mr. Fike
Mr. Johanneson
Dr. Sauer

SUCCESSION PLANNING
COMMITTEE
Mr. Johanneson, Chairman
Mr. Claycamp
Mr. Johnston
Mr. Robinson

EXECUTIVE OFFICERS

ROBERT J. RATLIFF
Chairman of the Board and
Chief Executive Officer

JOHN M. SHUMEJDA
President and
Chief Operating Officer

JAMES M. SEAVER
Executive Vice President,

Sales and Marketing

NORMAN L. BOYD
Vice President,
Europe/Middle East/Africa Distribution

JUDITH A. CZELUSNIAK
Vice President - Corporate Relations

LARRY W. GUTEKUNST
Vice President - Global Engineering

DANIEL H. HAZELTON
Vice President - Worldwide Parts

AARON D. JONES
Vice President -
Manufacturing and Technology

STEPHEN D. LUPTON
Vice President -
Legal Services, International

JOHN G. MURDOCH
Vice President,
North America Distribution

WILLIAM A. NIX
Vice President - Treasurer

CHRIS E. PERKINS
Vice President and
Chief Financial Officer

BRUCE W. PLAGMAN
Vice President -
North American Sales

DEXTER E. SCHAIBLE
Vice President - Global Product Development

PATRICK S. SHANNON
Vice President - Corporate Finance

MICHAEL F. SWICK
Vice President and General Counsel

EDWARD R. SWINGLE
Vice President - Parts,
North America

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS
4205 River Green Parkway
Duluth, Georgia 30096
(770) 813-9200

ANNUAL MEETING
The annual meeting of the Company's stockholders will be held at 9:00 a.m. on April 29, 1998 at the offices of AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096.

TRANSFER AGENT & REGISTRAR
SunTrust Bank Atlanta
P.O. Box 4625
Mail Code 008
Atlanta, GA 30302

STOCK EXCHANGE
AGCO Corporation common stock (trading symbol "AG") is traded on the New York Stock Exchange.

FORM 10-K
The Form 10-K annual report to the Securities and Exchange Commission will be available to the stockholders in April upon written request to the Investor Relations Department at corporate headquarters.

AUDITORS
Arthur Andersen LLP
Atlanta, Georgia

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	STATE OR JURISDICTION OF INCORPORATION
AGCO Corporation	Delaware
Blue Corp	Delaware
AGCO Farm Finance Corp.	Delaware
Gleaner-Allis Company, Ltd.	Delaware
The Hesston Company Ltd.	Delaware
Massey Ferguson Corp.	Delaware
Financial Services Insurance Co. of Tennessee	Tennessee
Manufacturers Leasing Corp.	Delaware
Hesston Ventures Corp.	Kansas
AGCO Export Corp.	Barbados
AGCO Finance Corporation	Delaware
AGCO Canada, Ltd.	Canada
AGCO, Ltd.	United Kingdom
AGCO de Mexico SA de CV	Mexico
Massey Ferguson de Mexico, SA de CV	Mexico
AGCO Manufacturing Ltd.	United Kingdom
AGCO Holding BV	Netherlands
AGCO Services, Ltd.	United Kingdom
AGCO International, Ltd.	United Kingdom
Massey Ferguson Works Pension Trust Ltd.	United Kingdom
Massey Ferguson Executive Pension Trust Ltd.	United Kingdom
Eikmaskin AS	Norway
AGCO SA	France
AGCO Iberia SA	Spain
AGCO Australia Ltd.	Australia
Massey Ferguson Europa BV	Netherlands
AGCO AB	Sweden
Massey Ferguson Staff Pension Trust Ltd.	United Kingdom
AGCO GmbH	Germany
AGCO Verwaltungs	Germany
AGCO do Brazil	Brazil
Massey Ferguson Servisleri AS	Turkey
Deutz do Brazil	Brazil
AGCO Danmark AS	Denmark
AGCO Argentina SA	Argentina
AGCO Romania SRL	Romania
Massey Ferguson SPA	Italy
Kemptener Maschinenfabrik GmbH	Germany
Dronningborg Industries AS	Denmark
AGCO France SA	France
MF Europa BV	Netherlands
AGCO Vertriebs GmbH	Germany

SUBSIDIARIES OF THE REGISTRANT (CONTINUED)

Wohungsbau GmbH	Germany
Fendt Italiana GmbH	Italy
Araus SA	Argentina
Terramec SA	Argentina
Actium	Germany
Indamo SA	Argentina

Exhibit 23.0

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included (or incorporated by reference) in this Form 10-K into the Company's previously filed Registration Statements on Form S-8 (File No. 33-63802, File No. 33-83104, File No. 33-91686 and File No. 333-04707).

ARTHUR ANDERSEN LLP

Atlanta, Georgia
March 25, 1998

5
1,000,000

YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
31
0
979
0
623
64
404
0
2,621
831
727
0
0
1
991
2,621
3,224
3,224
2,558
2,558
54
6
54
246
88
171
0
(2)
0
169
2.79
2.71

(EPS-PRIMARY) DENOTES BASIC EPS.

5

1,000

YEAR
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JAN-01-1996
DEC-31-1996
41,707
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0
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292,437
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715,988
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0
573
774,092
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2,317,486
2,317,486
1,847,166
1,847,166
27,705
5,736
32,684
171,629
59,963
129,390
0
(3,503)
0
125,887
2.37
2.20

TAG (EPS-PRIMARY) DENOTES BASIC EPS