SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1997

OR

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

For the transition period from ____________________ to ____________________

Commission file number 1-12930

AGCO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	58-1960019
(State of incorporation)	(I.R.S. Employer Identification No.)

4830 River Green Parkway
Duluth, Georgia 30096
(Address of principal executive offices including zip code)

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

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 the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock par value $.01 per share: 62,906,921 shares outstanding as of September 30, 1997.

AGCO CORPORATION AND SUBSIDIARIES

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Part I. Financial Information
Item 1. Financial Statements

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	September 30, 1997	December 31, 1996
	(Unaudited)	
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 43,262	$ 41,707
Accounts and notes receivable, net of allowances	1,025,440	856,985
Receivables from affiliates	12,676	12,486
Inventories, net	643,019	473,844
Other current assets	72,528	81,440
Total current assets	1,796,925	1,466,462
Property, plant and equipment, net	321,299	292,437
Investments in affiliates	83,939	80,501
Other assets	73,409	71,488
Intangible assets, net	410,136	205,643
Total assets	$ 2,685,708	$ 2,116,531
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 331,454	$ 361,512
Payables to affiliates	14,764	14,567
Accrued expenses	397,791	316,958
Other current liabilities	17,173	22,951
Total current liabilities	761,182	715,988
Long-term debt	864,442	567,055
Postretirement health care benefits	24,845	24,445
Other noncurrent liabilities	47,594	34,378
Total liabilities	1,698,063	1,341,866
Stockholders' Equity:		
Common stock; $0.01 par value, 150,000,000 shares authorized, 62,906,921 and 57,260,151 shares issued and outstanding at September 30, 1997 and December 31, 1996, respectively	629	573
Additional paid-in capital	514,799	360,119
Retained earnings	528,250	411,422
Unearned compensation	(22,451)	(17,779)
Cumulative translation adjustment	(33,582)	20,330
Total stockholders' equity	987,645	774,665
Total liabilities and stockholders' equity	$ 2,685,708	$ 2,116,531

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited and in thousands, except per share data)

	Three Months Ended September 30, 1997	1996
Revenues:		
Net sales	$ 759,505	$ 588,859
Costs and Expenses:		
Cost of goods sold	590,003	465,319
Selling, general and administrative expenses	70,009	56,222
Engineering expenses	12,181	7,089
Interest expense, net	13,517	10,571
Other expense, net	4,402	4,337
Nonrecurring expenses	4,853	6,161
	694,965	549,699
Income before income taxes and equity in net earnings of affiliates	64,540	39,160
Provision for income taxes	23,322	13,305
Income before equity in net earnings of affiliates	41,218	25,855
Equity in net earnings of affiliates	2,964	5,444
Net income	$ 44,182	$ 31,299
Net income per common share:		
Primary	$ 0.70	$ 0.54
Fully diluted	$ 0.70	$ 0.54
Weighted average number of common and common equivalent shares outstanding:		
Primary	63,291	57,572
Fully diluted	63,291	57,598
Dividends declared per common share	$ 0.01	$ 0.01

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited and in thousands, except per share data)

	Nine Months Ended September 30,	
	1997	1996
Revenues:		
Net sales	$ 2,335,766	$ 1,627,424
Costs and Expenses:		
Cost of goods sold	1,856,143	1,294,350
Selling, general and administrative expenses	199,189	151,114
Engineering expenses	39,502	20,805
Interest expense, net	40,736	23,718
Other expense, net	13,352	8,005
Nonrecurring expenses	12,659	12,878
	2,161,581	1,510,870
Income before income taxes, equity in net earnings of affiliates and extraordinary loss	174,185	116,554
Provision for income taxes	62,133	40,488
Income before equity in net earnings of affiliates and extraordinary loss	112,052	76,066
Equity in net earnings of affiliates	8,684	13,336
Income before extraordinary loss	120,736	89,402
Extraordinary loss, net of taxes	(2,080)	(3,503)
Net income	$ 118,656	$ 85,899
Net income per common share:		
Primary:		
Income before extraordinary loss	$ 1.95	$ 1.64
Extraordinary loss	(0.03)	(0.06)
Net income	$ 1.92	$ 1.58
Fully diluted:		
Income before extraordinary loss	$ 1.95	$ 1.57
Extraordinary loss	(0.03)	(0.06)
Net income	$ 1.92	$ 1.51
Weighted average number of common and common equivalent shares outstanding:		
Primary	61,746	54,374
Fully diluted	61,780	57,341
Dividends declared per common share	$ 0.03	$ 0.03

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	Nine Months Ended September 30, 1997	1996
Cash flows from operating activities:		
Net income	$ 118,656	$ 85,899
Adjustments to reconcile net income to net cash (used for) provided by operating activities:		
Extraordinary loss, net of taxes	2,080	3,503
Depreciation and amortization	36,878	20,398
Equity in net earnings of affiliates, net of cash received	(8,684)	(13,336)
Deferred income tax provision	11,730	14,593
Amortization of intangibles	9,469	3,833
Amortization of unearned compensation	8,092	11,981
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Accounts and notes receivable, net	(126,691)	(1,674)
Inventories, net	(123,195)	(72,905)
Other current and noncurrent assets	3,449	(10,326)
Accounts payable	(19,663)	(42,759)
Accrued expenses	15,594	24,682
Other current and noncurrent liabilities	(11,410)	661
Total adjustments	(202,351)	(61,349)
Net cash (used for) provided by operating activities	(83,695)	24,550
Cash flows from investing activities:		
Purchase of businesses, net of cash acquired	(267,707)	(287,426)
Purchase of property, plant and equipment	(37,304)	(26,484)
Proceeds from disposition of affiliates	-	1,181
Net cash used for investing activities	(305,011)	(312,729)
Cash flows from financing activities:		
Proceeds from long-term debt, net	256,827	305,918
Payment of debt issuance costs	(3,503)	(10,590)
Proceeds from issuance of common stock	141,972	1,680
Dividends paid on common stock	(1,827)	(1,599)
Net cash provided by financing activities	393,469	295,409
Effect of exchange rate changes on cash and cash equivalents	(3,208)	(494)
Increase in cash and cash equivalents	1,555	6,736
Cash and cash equivalents, beginning of period	41,707	20,023
Cash and cash equivalents, end of period	$ 43,262	$ 26,759

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of AGCO Corporation and subsidiaries (the "Company" or "AGCO") included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, to present fairly the Company's financial position, results of operations and cash flows at the dates and for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1996. Interim results of operations are not necessarily indicative of results to be expected for the fiscal year.

Effective November 1, 1996, the Company sold a 51% interest in Agricredit Acceptance Company ("Agricredit"), the Company's retail finance subsidiary in North America. Accordingly, the Company's condensed consolidated financial statements as of September 30, 1997 and December 31, 1996 and for the three and nine months ended September 30, 1997 and 1996 reflect Agricredit on the equity method of accounting for the periods presented.

2. ACQUISITIONS

Effective January 1, 1997, the Company acquired the operations of Xaver Fendt GmbH & Co. KG ("Fendt") for approximately $283.5 million plus approximately $38.0 million of assumed working capital debt (the "Fendt Acquisition"). The Fendt Acquisition was financed by borrowings under the Company's January 1997 Credit Facility (Note 4). The transaction consisted of the purchase of the outstanding stock of Fendt and its interests in other subsidiaries. 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.

3. CHARGES FOR NONRECURRING EXPENSES

The results of operations included a charge for nonrecurring expenses of $4.9 million, or $0.05 per common share on a fully diluted basis, for the three months ended September 30, 1997 and $12.7 million, or $0.13 per common share on a fully diluted basis, for the nine months ended September 30, 1997. The nonrecurring charge for the three and nine months ended September 30, 1997 included $1.7 million and $9.5 million, respectively, related to the restructuring of the Company's European operations, acquired in the acquisition of Massey Ferguson (the "Massey Acquisition") in June 1994 and the integration of the operations of Deutz Argentina S.A. ("Deutz Argentina") and Fendt, which were acquired in December 1996 and January 1997, respectively. The nonrecurring charges consisted primarily of employee related costs. In addition, the nonrecurring charge for the three and nine months ended September 30, 1997 included $3.2 million related to executive severance costs.

The results of operations for the three and nine months ended September 30, 1996 included a charge for nonrecurring expenses of $6.2 million, or $0.07 per common share on a fully diluted basis, and $12.9 million, or $0.15 per common share on a fully diluted basis, respectively, primarily related to the restructuring of the Company's European operations acquired in the Massey Acquisition in June 1994 and the integration and restructuring of the agricultural and industrial equipment business of Iochpe-Maxion S.A. in Brazil, acquired in June 1996 (the "Maxion Acquisition").

4. LONG-TERM DEBT

Long-term debt consisted of the following at September 30, 1997 and December 31, 1996 (in thousands):

	September 30, 1997	December 31, 1996
Revolving credit facility	$ 595,687	$ 317,439
Senior subordinated notes	248,069	247,957
Other long-term debt	20,686	1,659
	$ 864,442	$ 567,055

On January 14, 1997, the Company replaced its $650.0 million unsecured credit facility (the "March 1996 Credit Facility") with a new credit facility (the "January 1997 Credit Facility"), which allowed for borrowings of 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 5). Lending commitments under the January 1997 Credit Facility reduce from the current commitment of $1.1 billion as of September 30, 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 September 30, 1997, approximately $595.7 million was outstanding under the January 1997 Credit Facility and available borrowings were approximately $458.8 million.

5. COMMON STOCK OFFERING

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 $140.7 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.

6. EXTRAORDINARY LOSS

During the first quarter of 1997, as part of the refinancing of the March 1996 Credit Facility with the January 1997 Credit Facility, 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. During the first quarter of 1996, as part of the refinancing of the Company's $550.0 million secured revolving credit facility (the "June 1994 Credit Facility") with the March 1996 Credit Facility, 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 June 1994 Credit Facility.

7. NET INCOME PER COMMON SHARE

Primary net income per common share is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding during each period. Common equivalent shares include shares issuable upon the assumed exercise of outstanding stock options. Fully diluted net income per common share assumes the elimination of interest expense, net of taxes, related to the Company's 6 1/2% convertible subordinated debentures which were converted into common stock in June 1996.

8. INVENTORIES

Inventories consist primarily of farm tractors, combines, implements, hay and forage equipment and service parts and are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis. 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 September 30, 1997 and December 31, 1996 were as follows (in thousands):

	September 30, 1997	December 31, 1996
Finished goods	$ 274,810	$ 171,105
Repair and replacement parts	248,720	222,601
Work in process, production parts and raw materials	202,702	134,734
Gross inventories	726,232	528,440
Allowance for surplus and obsolete inventories	(83,213)	(54,596)
Inventories, net	$ 643,019	$ 473,844

9. ACCOUNTING CHANGE

In February 1997, the Financial Accounting Standards Board issued Statement No. 128 ("SFAS 128"), "Earnings per Share" which specifies the computation, presentation and disclosure requirements for earnings per share. The Company will be required to adopt this new statement in the fourth quarter of 1997 and all prior period earnings per share data will be restated to conform with the provisions of SFAS 128. Based on a preliminary evaluation of this statement's requirements, the Company does not expect the per share amounts reported under SFAS 128 to be materially different than those calculated and presented under Accounting Principles Board Opinion No. 15.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's operations are subject to the cyclical nature of the agricultural industry. Sales of the Company's equipment have been affected by changes in net cash farm income, farm land values, weather conditions, the demand for agricultural commodities and general economic conditions. The Company's operations are expected to be subject to such conditions in the future. 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. As a result, the Company's net sales and operating results have historically been the lowest in the first quarter and have increased in subsequent quarters.

Effective January 1, 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 (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. See Note 2 of the Notes to the Condensed Consolidated Financial Statements for further discussion.

RESULTS OF OPERATIONS

NET INCOME

The Company recorded net income for the third quarter of 1997 of $44.2 million compared to $31.3 million for the third quarter of 1996. Net income per common share on a fully diluted basis was $0.70 and $0.54 for the third quarter of 1997 and 1996, respectively. Net income for the nine months ended September 30, 1997 was $118.7 million compared to $85.9 million for the same period in the prior year. Net income per common share on a fully diluted basis was $1.92 and $1.51 for the nine months ended September 30, 1997 and 1996, respectively. Net income for the three and nine months ended September 30, 1997 included nonrecurring expenses of $4.9 million, or $0.05 per share on a fully diluted basis, and $12.7 million, or $0.13 per share on a fully diluted basis, respectively, related to the restructuring of the Company's European operations, acquired in the Massey Acquisition in June 1994, 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 the nine months ended September 30, 1997 included an extraordinary after-tax charge of $2.1 million, or $0.03 per share on a fully 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 the three and nine months ended September 30, 1996 included nonrecurring expenses of $6.2 million, or $0.07 per share on a fully diluted basis, and $12.9 million, or $0.15 per share on a fully diluted basis, respectively, related to the restructuring of the Company's European operations (see "Charges for Nonrecurring Expenses"). In addition, net income for the nine months ended September 30, 1996 included an extraordinary after-tax charge of $3.5 million, or $0.06 per share on a fully diluted basis, for the write-off of unamortized debt costs related to the refinancing of the June 1994 Credit Facility (see Note 6 of the Notes to the Condensed Consolidated Financial Statements). The Company's improved results in 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 translation effect of the strengthening dollar against most European currencies.

RETAIL SALES

In the United States and Canada, industry unit retail sales of tractors, combines and hay and forage equipment for the nine months ended September 30, 1997 increased approximately 13%, 12% and 11%, respectively, over the same period in 1996. The Company believes general market conditions continue to be positive due to favorable economic conditions relating to high net cash farm incomes, stable commodity prices, strong domestic and export demand and direct government payments under the U.S. farm bill. Company unit retail sales of tractors in the United States and Canada experienced an increase of 1.3% for the first nine months of 1997 compared to 1996. The Company's retail sales were negatively impacted in 1997 by a change in the timing of the year-end for the Massey Ferguson annual volume bonus program from January to December and by competitor discounting which the Company chose not to match. Company unit retail sales of combines and hay and forage equipment increased 4.4% and 5.4%, respectively, for the first nine months of 1997 compared to the prior year.

In Western Europe, industry unit retail sales of tractors decreased approximately 2% for the nine months ended September 30, 1997 compared to the same period in the prior year primarily due to decreases in retail sales in the U.K. and France, partially a result of farm consolidation and the relatively strong retail sales of tractors during the same period in 1996. Company unit retail sales of tractors in Western Europe decreased approximately 2%, including sales of Fendt tractors in both periods. Company unit retail sales increases in Spain, Scandinavia, Germany and Italy were offset by declines in most other Western European markets. Industry unit retail sales of tractors in South America increased approximately 29% over the prior year. This increase was primarily in Brazil due to increasingly favorable economic conditions resulting from strong commodity prices, improved farm debt and financing terms and the low sales volumes experienced in the first half of 1996 during the suspension of Brazilian Central Bank loan programs. Company retail unit sales of tractors in South America increased 21% 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 6%, consistent with the industry.

REVENUES

Net sales for the third quarter of 1997 were $759.5 million, representing an increase of 29.0% over net sales of $588.9 million for the same period in 1996. Net sales for the nine months ended September 30, 1997 were $2,335.8 million, representing an increase of 43.5% over net sales of $1,627.4 million for the same period in 1996. The increase in net sales for both periods was primarily the result of the Company's recent acquisitions; however, net sales were negatively impacted by the translation effect of the strengthening dollar against most European currencies. Net sales for the three and nine months ended September 30, 1997 were approximately $60 million and $126 million, respectively, lower than they would have been at 1996 foreign exchange rates. In Western Europe, net sales increased $101.5 million, or 46.0%, and $434.1 million, or 63.2%, for the three and nine months ended September 30, 1997, respectively, compared to the same periods in 1996 primarily resulting from the

Fendt Acquisition, which was acquired effective January 1, 1997. Net sales in South America increased $38.6 million and $189.0 million for the three and nine months ended September 30, 1997, respectively, primarily related to the impact of acquired operations in Brazil and Argentina, which were acquired in June 1996 and December 1996, respectively. In the remaining international markets, net sales increased $2.2 million, or 2.2%, and $50.1 million, or 19.7%, over the three and nine months ended September 30, 1996, respectively, primarily related to increased sales in Eastern Europe and the Middle East. Net sales in North America increased $28.3 million, or 12.9%, and $35.2, or 5.6%, for the three and nine months ended September 30, 1997, respectively. For the third quarter of 1997, the Company's increased sales in North America were primarily due to strong sales of combines and hay tools. For the nine months ended September 30, 1997, the Company experienced strong sales of combines and implements partially offset by planned decreases in certain product lines to reduce the level of dealer inventories.

COSTS AND EXPENSES

Cost of goods sold for the third quarter of 1997 was $590.0 million (77.7% of net sales) compared to $465.3 million (79.0% of net sales) for the same period in 1996. Gross profit, defined as net sales less cost of goods sold, was $169.5 million (22.3% of net sales) for the third quarter of 1997 compared to $123.5 million (21.0% of net sales) for the same period in the prior year. Gross margins were favorably impacted by cost reduction efforts, particularly in the Company's South American operations, and favorable product mix. For the nine months ended September 30, 1997, cost of goods sold was $1,856.1 million (79.5% of net sales) compared to $1,294.4 million (79.5% of net sales) for the same period in 1996. Gross profit for the nine months ended September 30, 1997 was $479.6 million (20.5% of net sales) compared to $333.1 million (20.5% of net sales) for the same period in 1996. Gross margins were favorably impacted by gross margin improvements due to cost reduction efforts 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 for the third quarter of 1997 were $70.0 million (9.2% of net sales) compared to $56.2 million (9.5% of net sales) for the same period in 1996. For the nine months ended September 30, 1997, selling, general and administrative expenses were $199.2 million (8.5% of net sales) compared to $151.1 million (9.3% of net sales) for the same period in 1996. For both periods, the decrease in selling, general and administrative expenses as a percentage of net sales compared to the prior year was primarily due to a decrease in the amortization of stock-based compensation expense of $2.8 million and $5.5 million for the three and nine months ended September 30, 1997, respectively, compared to the same periods in the prior year.

Engineering expenses were $12.2 million (1.6% of net sales) for the third quarter of 1997 compared to $7.1 million (1.2% of net sales) for the same period in 1996. Engineering expenses for the nine months ended September 30, 1997 were $39.5 million (1.7% of net sales) compared to $20.8 million (1.3% of net sales) for the same period in 1996. For both periods, the increase in engineering expenses as a percentage of net sales compared to the prior year primarily related to engineering expenses in the newly acquired Fendt operations.

Interest expense, net was $13.5 million for the third quarter of 1997 compared to $10.6 million for the same period in the prior year. The higher interest expense, net primarily resulted from additional borrowings related to the acquisitions of Deutz Argentina and Fendt, completed in December 1996 and January 1997, respectively. Interest expense, net for the nine months ended September 30, 1997 increased from $23.7 million to $40.7 million compared to the same period in 1996 due to additional borrowings related to the Maxion Acquisition in Brazil, completed in June 1996, in addition to the acquisitions of Deutz Argentina and Fendt.

Other expense, net was $4.4 million for the third quarter of 1997 compared to $4.3 million for the same period in 1996. The Company experienced an increase in other expense, net relating to increased amortization of intangibles relating to the acquisitions of Deutz Argentina and Fendt offset by foreign exchange gains in the Company's European operations. For the nine months ended September 30, 1997, other expense, net was $13.4 million compared to $8.0 million for the same period in the prior year. The increase in other expense, net compared to the prior year was primarily due to increased amortization of intangibles related to the Maxion, Deutz Argentina and Fendt Acquisitions.

Nonrecurring expenses were $4.9 million and $12.7 million for the three and nine months ended September 30, 1997, respectively. For the three and nine months ended September 30, 1996, nonrecurring expenses were $6.2 million and $12.9 million, respectively. The nonrecurring charge recorded in 1997 related to the restructuring of the Company's European operations, acquired in the Massey Acquisition in June 1994, the integration of the Deutz Argentina and Fendt operations, acquired in December 1996 and January 1997, respectively, and executive severance costs. The nonrecurring charge recorded in 1996 primarily related to costs associated with 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. See "Charges for Nonrecurring Expenses" for further discussion.

The Company recorded an income tax provision of $23.3 million and $13.3 million for the third quarter of 1997 and 1996, respectively. For the nine months ended September 30, 1997 and 1996, the Company recorded an income tax provision of $62.1 million and $40.5 million, respectively. For both periods, 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 affiliates was $3.0 million and $5.4 million for the third quarter of 1997 and 1996, respectively. Equity in net earnings of unconsolidated affiliates was $8.7 million and $13.3 million for the first nine months of 1997 and 1996, respectively. The decrease in 1997 compared to the prior year for both periods primarily relates to a decrease in net income recognized related to Agricredit. As a result of the Company selling a 51% joint venture interest in Agricredit in November 1996, the Company recognized only 49% of the net income of the North American retail finance company during the three and nine months ended September 30, 1997 compared to 100% for the same periods in 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 the $650.0 million March 1996 Credit Facility with the new $1.2 billion January 1997 Credit Facility (see Note 4 of the Notes to the Condensed Consolidated Financial Statements). The January 1997 Credit Facility is the Company's primary source of financing and provides increased borrowing capacity over the March 1996 Credit Facility. 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 (see Note 5 of the Notes to the Condensed Consolidated Financial Statements). Lending commitments under the January 1997 Credit Facility reduce from the current commitment of $1.1 billion as of September 30, 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 receivables and inventories fluctuate, borrowings under the January 1997 Credit Facility fluctuate as well. As of September 30, 1997, approximately $595.7 million was outstanding under the January 1997 Credit Facility and available borrowings were approximately $458.8 million.

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 $140.7 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.

The Company's working capital requirements 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 September 30, 1997, the Company had $1,035.7 million of working capital, an increase of $285.2 million over working capital of $750.5 million as of December 31, 1996. The increase in working capital was primarily due to working capital acquired in the Fendt Acquisition and normal seasonal requirements, particularly in receivables and inventories.

Operating cash flow was an $83.7 million use of cash compared to a $24.6 million source of cash for the nine months ended September 30, 1997 and 1996, respectively. The increase in cash flow used for operating activities in 1997 compared to the prior year was primarily due to increases in receivables and inventories. The increase in inventory compared to the prior year was primarily the result of the recent introduction of new tractors sourced from the Company's U.K. and France production facilities. For the nine months ended September 30, 1996, cash flow from operations was favorably impacted by the collection of unusually high levels of international accounts receivable at December 31, 1995 which were collected in 1996. 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.

Capital expenditures for the nine months ended September 30, 1997 were $37.3 million compared to $26.5 million for the same period in 1996. The Company anticipates that additional capital expenditures for the remainder of 1997 will range from approximately $30 million to $40 million and will primarily be used to support the development and enhancement of new and existing products.

In October 1997, the Company's Board of Directors declared a dividend of $0.01 per share of common stock for the fourth quarter of 1997. The declaration and payment of future dividends will be at the sole discretion of the Board of Directors and will depend upon the Company's results of operations, financial condition, cash requirements, future prospects, limitations imposed by the Company's credit facilities and other factors deemed relevant by the Company's Board of Directors.

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

The Company recorded $9.5 million of nonrecurring expenses during the nine months ended September 30, 1997 related to the restructuring of the Company's European operations, acquired in June 1994 as a result of the Massey Acquisition and the integration of the operations of Deutz Argentina and Fendt acquired in December 1996 and January 1997, respectively, (see Note 3 of the Notes to the Condensed Consolidated Financial Statements). The costs related to the restructuring of the Company's European operations primarily related to the centralization of certain administrative functions, and savings are expected to result primarily in reduced general and administrative expenses. The costs related to the integration of the Deutz Argentina and Fendt operations primarily related to the rationalization of manufacturing and administrative functions, and savings are expected to result primarily in reduced cost of goods sold and selling, general and administrative expenses. In addition, the Company recorded $3.2 million of nonrecurring expenses during the nine months ended September 30, 1997 related to executive severance costs.

The Company expects to record total nonrecurring expenses of approximately $15.0 million in 1997 and early 1998 related to the Company's restructuring and integration plans. While the Company believes that cost savings from its restructuring and integration plans can be attained, there can be no assurance that all objectives will be achieved.

In the nine months ended September 30, 1996, the Company recorded nonrecurring expenses of $12.9 million primarily related to the restructuring of the Company's European operations and the integration and restructuring of the Company's Brazilian operations acquired in June 1996 in the Maxion Acquisition. The costs related to the restructuring of the Company's European operations primarily related to the centralization and rationalization of its administrative, sales, and marketing functions. The costs related to the integration and restructuring of the Company's Brazilian operations primarily related to the rationalization of manufacturing, sales and administrative functions designed to resize the operations to current sales and production volumes.

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. 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.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

11.0 - Statement re:Computation of Per Share Earnings

27.0 - Financial Data Schedule (electronic filing purposes only).

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf by the undersigned thereunto duly authorized.

AGCO CORPORATION
Registrant

Date: November 14, 1997

/s/ Chris E. Perkins

Chris E. Perkins
Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description		Sequentially Numbered Page
11.0	Statement re:	Computation of Per Share Earnings.	
27.0	Financial Data Schedule (electronic filing purposes only).		

AGCO CORPORATION AND SUBSIDIARIES
STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS (1)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
PRIMARY EARNINGS PER SHARE	1997	1996	1997	1996
Weighted average number of common shares outstanding	62,913	57,208	61,368	53,913
Shares issued upon assumed exercise of outstanding stock options	378	364	378	461
Weighted average number of common and common equivalent shares outstanding	63,291	57,572	61,746	54,374
Income before extraordinary loss	$ 44,182	$ 31,299	$ 120,736	$ 89,402
Extraordinary loss	-	-	(2,080)	(3,503)
Net income	$ 44,182	$ 31,299	$ 118,656	$ 85,899
Net income per common share:				
Income before extraordinary loss	$ 0.70	$ 0.54	$ 1.95	$ 1.64
Extraordinary loss	-	-	(0.03)	(0.06)
Net income.	$ 0.70	$ 0.54	$ 1.92	$ 1.58
FULLY DILUTED EARNINGS PER SHARE				
Weighted average number of common shares outstanding	62,913	57,208	61,368	53,913
Shares issued upon assumed conversion of the convertible subordinated debentures	378	-	412	2,969
Shares issued upon assumed exercise of outstanding stock options (2)	-	390	-	459
Weighted average number of common and common equivalent shares outstanding	63,291	57,598	61,780	57,341
Income before extraordinary loss	$ 44,182	$ 31,299	$ 120,736	$ 89,402
Extraordinary loss	-	-	(2,080)	(3,503)
Net income	44,182	31,299	118,656	85,899
Interest expense on convertible subordinated debentures, net of applicable income taxes	-	-	-	529
Net income available for common stockholders	$ 44,182	$ 31,299	$ 118,656	$ 86,428
Net income per common share:				
Income before extraordinary loss	$ 0.70	$ 0.54	$ 1.95	$ 1.57
Extraordinary loss	-	-	(0.03)	(0.06)
Net income	$ 0.70	$ 0.54	$ 1.92	$ 1.51

(1) All numbers of shares in this exhibit are weighted on the basis of the number of days the shares were outstanding or assumed to be outstanding during each period.

(2) Based on the treasury stock method using the higher of the average or period end market price.

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1,000

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
43,262
0
1,025,440
0
643,019
72,528
321,299
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2,685,708
761,182
864,442
0
0
629
987,016
2,685,708
2,335,766
2,335,766
1,856,143
1,856,143
39,502
3,931
40,736
174,185
62,133
120,736
0
(2,080)
0
118,656
1.92
1.92